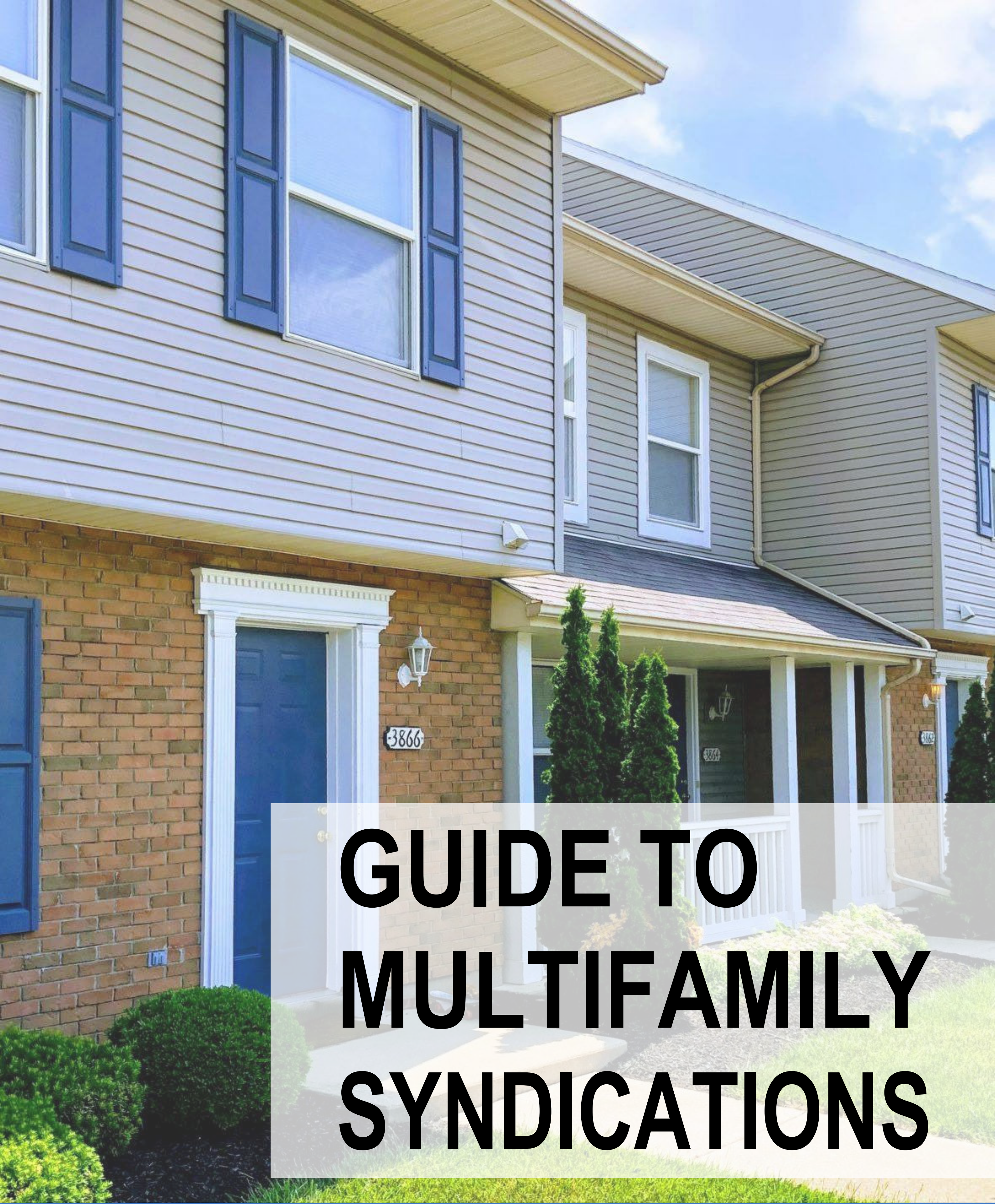

GUIDE TO MULTIFAMILY SYNDICATIONS

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MULTIFAMILY MASTERY

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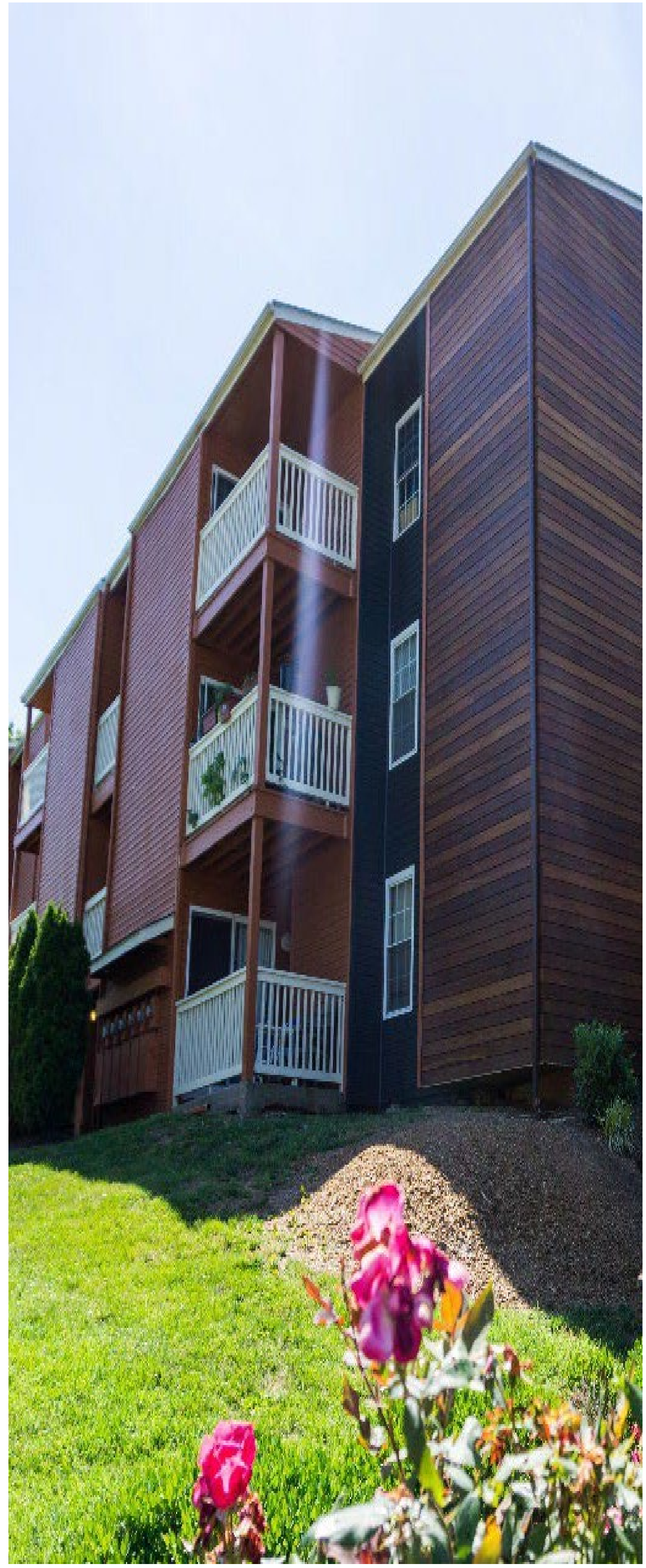

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Key Terms

Real Estate and Multifamily are specialized subjects that contain technical terms. To assist in the understanding of the subject matter contained in this document, a glossary of key terms is below.

Agency: A type of multifamily debt that is offered by or guaranteed through a government "agency." For example, the Federal National Mortgage Association or "FNMA" is both a government agency and major multifamily lender.

Capital Stack: The collection of capital used to finance the purchase of a multifamily property.

Catch Up: A legal provision meant to compensate the General partner based on an investment's total return, not just the return in excess of a pre-established hurdle. For example, a structure may dictate that the LP gets 100% of property income until they have received their capital back. After that, the General partner gets 100% of property income until they are "caught up" and have received their capital back.

CMBS: An acronym for "Commercial Mortgage Backed Securities." It is a type of loan originated by a commercial bank, investment bank, or investment syndicate. Once originated, the loans are not held on the investor's balance sheet, they are packaged into securities and sold to investors who want the income stream from the payments.

Equity Multiple: A method for calculating property returns. It is defined as the ratio of total income received divided by the total cash invested.

FNMA: An acronym for the Federal National Mortgage Association, who is both a government agency and major multifamily lender. It is a government-sponsored enterprise (GSE) founded in 1938 by Congress during the Great Depression as part of the New Deal. Its purpose is to provide liquidity to banks and other lenders by buying mortgages from them. May also be referred to as "Fannie" or "Fannie Mae."

FHLMC: An acronym for the Federal Home Loan Mortgage Corporation. It is a stockholder-owned, government-sponsored enterprise (GSE) whose purpose is to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle-income Americans. May also be referred to as "Freddie" or "Freddie Mac."

FHA: An acronym for the Federal Housing Administration. It is a government agency that provides mortgage insurance on loans made by FHA approved lenders. FHA loans can be used for the purchase, refinance, renovation, or construction of multifamily properties.

Hurdle Rate(s): The hurdle rates dictate when the cash flow split between the General Partner and Limited Partner. For example, if the Limited Partner earns 0% - 8%, the income split may be 75% / 25%. But, if the LPs earn 8% - 12%, the income split may be 60% / 40%. In this example, 8% is the hurdle rate.

Internal Rate of Return (IRR): A method for measuring property returns. It is defined as the rate earned on each dollar invested, for each period of time it's invested in. It is calculated as the discount rate that sets the Net Present Value of all future cash flows (positive or negative) equal to zero.

Lookback: A legal provision in a waterfall structure that allows the Limited Partners to “look back” at the end of the investment to ensure their promised returns were delivered. If they weren’t, the General Partner must “make them whole,” which means taking money out of their own pocket to compensate the Limited Partners.

Preferred Return: A first priority return paid to Limited Partners. For example, if a syndication offers a preferred return, it typically means that the General Partner’s claim on property income is limited until the Limited Partners have received a specified return on their investment

Promote: A “bonus” paid to the General Partner for delivering a high return. The bonus may be paid by the Limited Partners or the entire partnership. The specifics are detailed in the investment offering documents. In a multi-step waterfall, the promote likely gets bigger as the property return gets higher.

Pro Rata: A method of splitting property income that is equal to the percentage that each party invested in the project.

USDA: An acronym for the United States Department of Agriculture. It is a government agency that provides funding for properties located in rural areas with populations of less than 50,000 people.

Waterfall: A method used to split property income between the General Partner and the Limited Partner.

Introduction

For many investors, the entry point into multifamily investment is a duplex, triplex, or a relatively small property with less than 25 units. These properties are fantastic and can be a source of meaningful income for their owners. However, they are unlikely to provide the scale needed to produce generational wealth.

One of the primary benefits of multifamily ownership is scale, meaning a sizable investment portfolio can be constructed with relatively little back office infrastructure, but access to capital is one of the challenges that many investors face when attempting to scale their business.

For smaller properties, investment capital is typically obtained from friends & family, but larger properties are significantly more expensive and they are likely to require more investment than can be mustered from friends and family. In the absence of a major institutional backer, an alternative method to raise investment capital is a structure called a “syndication.”

In a syndication, a Limited Liability Corporation is created to purchase a multifamily asset and investment capital is raised by selling shares in the corporation to investors. In return for their capital, investors are entitled to a portion of the income and profits produced by the underlying property. Under federal securities law, the share offering does not need to be registered with the SEC, as long as it meets certain requirements. But, a syndication is a legally complex and heavily regulated structure so it is important to understand their rules and regulations before creating one.

As part of an ongoing effort to deliver unparalleled value to my students, I have created this guide to present all of the information needed to run a successful syndicated offering. I am going to start with a discussion on the Capital Stack and move through all of the major topics of interest, including:

- Types of syndications
- Who is allowed to invest in a syndication
- Benefits & risks of creating a syndica
- Syndication roles and responsibilitie
- Syndication return structures
- Documentation required
- Fees
- Best practices

If done correctly, a syndication can be the key to acquiring larger properties, engaging in more deals, and generating more cash flow. In short, they can unlock the scale needed to grow your multifamily investment business from a side hustle to a full time, lucrative investment career. Let's get started.

Understanding the Capital Stack

The "Capital Stack" is the collection of capital used to finance the purchase of a multifamily property. While there can be several components, I am going to focus on two of them in this guide, debt and equity.

Debt

The largest and most common component of the Capital Stack is debt, which can be thought of as the loan obtained from a bank, government entity, or specialized lender. Often, the loan may be referred to as "senior debt" because the holder of it has the first claim on the property's income, which is typically used to make the required loan payment. In addition, the holder has the ability to initiate foreclosure proceedings if the borrower fails to make the required loan payments.

One of the reasons that multifamily is the premier commercial real estate asset class is the availability of debt and the favorable terms for which it is offered. Although the exact requirements vary by lender and loan program, the following table summarizes general requirements for senior debt:

Loan Type	Min. Loan Amt.	Term (Yrs.)	Amort (Yrs.)	Max LTV	DSCR	Recourse
FNMA	$750,000	5 - 30	Up to 30 Years	80%	1.25x - 1.55x	No
FHLMC	$1,000,000	5 - 30	30 Years	80%	1.25x - 1.45x	No
FHA	$5,000,000	30 - 40	30 - 40	90%	1.25x +	No
USDA	$1,000,000	5 - 15	15 - 30	85%	1.25x +	Yes
Conventional	$1,000,000	3 -15	15 - 30	80%	1.25x - 1.55x	Yes
CMBS	$2,000,000	5 - 10	20 - 30	75%	1.25+	No
Insurance Co.	$5,000,000	5 - 30	15 - 30	75%	1.25x - 1.35x	Yes/No

For many investors, it is likely that their senior debt will be either a agency loan (like FN<A or FHLMC) or a conventional loan from a traditional retail bank. In either case, the maximum loan amount is 80% of the property's value, which means that the other 20% must be contributed in the form of equity.

Equity

Equity is the money needed to make up the difference between the property's purchase price and the amount of debt offered by a lender. For example, if a property has a purchase price of $10,000,000 and a maximum loan amount of $8,000,000, the $2,000,000 difference is the equity needed to complete the transaction and how it is obtained is the central question of this document. Traditionally, there are two methods for raising it, the joint venture and partnership.

Joint Venture

In a joint venture, individuals or entities join together to combine financial and operational resources to purchase a property. A new entity does not necessarily have to be formed and the venture may or may not be governed by a formal agreement.

The benefit of a joint venture is that it may be able to pursue larger properties with combined resources, but they are unlikely to be large enough to build considerable scale unless one of the members has significant financial resources. In addition, if there is no formal agreement, it can lead to disputes down the line.

Partnerships

A partnership is similar to a Joint Venture in many respects, but they differ in two key ways. First, a partnership typically involves two or more *individuals* who come together to form a *new entity* in the pursuit of the property. Second, the partnership is governed by a formal agreement that outlines roles, responsibilities, and profit sharing.

But, a partnership has the same drawbacks as a Joint Venture, unless one or more of the partners have significant financial resources, it is unlikely to result in the capital necessary to purchase the multiple large properties that are needed to truly build at scale.

Fortunately, there is a third option, the syndication.

What is a Multifamily Syndication?

A syndication is a specialized type of partnership where a group of individuals pool their resources to purchase a larger, more profitable property, than any of them could afford on their own. Within the group, there is a defined set of roles and responsibilities for each "member" and the property's income and profits are split according to the rules established at the time the syndication is created.

Practically, "members" of the "syndicate" can be divided into two groups, the General Partner(s) and the Limited Partner(s). Typically, the General Partner(s) will create a Limited Liability Company (LLC) to purchase the property and contribute 10% - 20% of the total equity needed to complete the purchase. To raise the remaining equity, the General Partner will sell shares in the Limited Liability Company to a group of "Limited Partners", who will be entitled to a portion of the property's income and profits.

Under federal securities law, the General Partner is not required to register the share offering with the Securities and Exchange Commission as long it meets certain requirements. Using this structure, the General Partner's access to capital is only limited to their ability to raise it and, for many, this is the key to moving into the larger, more profitable multifamily assets that can generate substantial wealth.

Types of Syndications

There are two types of syndications, the 506(b) and 506(c), so named for the section of the law that permits them.

506(b)

In a 506(b) syndication, the LLC is exempt from securities registration requirements as long as the syndicated offering meets the following criteria:

- **Advertising**: The company cannot use general solicitation or advertising to market the securities.
- **Number of Investors**: The company may sell its securities to an unlimited number of **accredited investors** and up to 35 other purchasers.
- **“Other” Purchasers**: All non-accredited investors, must be **sophisticated**—that is, they must have sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of the prospective investment.
- **Marketing Material**: Companies must decide what information to give to accredited investors, so long as it does not contain any false or misleading statements.
- **Omissions**: A company should not exclude any information from the offering materials if the omission makes leads to a false or misleading claim.
- **Disclosures**: The disclosure documents given to non-accredited investors should be the same as those used in registered offerings, including financial statements, which in some cases may need to be certified or audited by an accountant. If a company provides information to accredited investors, it must make this information available to non-accredited investors.

- **Questions**: The company must be available to answer questions from prospective purchasers.

506(c) Syndication

A 506(c) syndication has the same legal structure as a 506(b), but the offering rules are slightly different. Under 506(c) rules, the LLC is exempt from securities registration requirements as long as the syndicated offering meets the following criteria:

- **Investors**: All investors must be accredited; and
- **Verification**: The company takes reasonable steps to verify investor accreditation, which could include reviewing W-2s, tax returns, bank and brokerage statements, and credit reports.
- **Advertising**: A 506(c) offering can broadly solicit investment and advertise as long as the above requirements are met.

Individuals creating a syndication for the first time may prefer the 506(b) structure since it provides additional flexibility for the inclusion of non-accredited investors. However, they may grow to prefer the 506(c) option because it allows the offering to be advertised, which can potentially raise more money.

Who can invest in a syndication?

Because a syndication is a complicated structure that involves large sums of money, securities laws limit their availability to two groups, Accredited Investors and Sophisticated Investors.

Accredited Investors

An "Accredited Investor" is defined in Rule 501 of Regulation D as an individual who:

- Has a net worth, or joint net worth with a spouse, in excess of $1,000,000; or
- Has an individual income of $200,000 or greater in each of the two most recent years; or
- Has a joint income with their spouse of $300,000 or greater in each of the two most recent years

Sophisticated Investors

A “Sophisticated” investor is defined in Rule 506 of Regulation D as an individual who has “sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of a prospective investment.”

In other words, a Sophisticated Investor is one who does not have the financial resources of an Accredited Investor, but *does* have the knowledge and experience necessary to be aware of the risks associated with the transaction. Sophisticated Investors are only allowed to invest in 506(b) syndications.

The intent behind these requirements is to limit investment opportunities to those who will not be irreparably harmed if the investment is unsuccessful or to those that have a demonstrated ability to understand the very real risks of investing in a syndicated securities offering.

Benefits and Risks of Running a Syndication

For investors looking to grow their multifamily investment portfolio, there are benefits and risks to “running” a multifamily syndicate.

Benefits

When administered correctly, the benefits to running a multifamily syndicate can be significant. They include:

- **Capital**: Access to capital is only limited by the investor's ability to raise it. In theory, a syndication could be created for each new deal, providing limitless capital raising possibilities.
- **Scale**: Larger properties means more cash flow. Combined with the consolidation of back office functions and the outsourcing of property management, building a portfolio through syndications can deliver significant scale with relatively small infrastructure.
- **Favorable Return Structure**: Syndicated returns are typically structured to provide an outsized benefit to the manager if the investment is successful.
- **Fee Income**: While it should not be a profit center, running a syndication can generate fee income that can be used to support the infrastructure needed to administer the investment.

Risks

Running a syndication means taking responsibility for the investment of dozens (or more) individuals while remaining in compliance with federal securities laws. Potential risks include:

- **Legally Complex**: Structuring the company, creating the securities offering, developing the required documentation, and filing the necessary notices requires a high degree of legal expertise. It will require a securities lawyer, which can be expensive.
- **High Up Front Investment**: Due to the cost of legal counsel, getting the LLC and the associated securities

offering off the ground can require a high upfront investment.

- **Limited Investor Pool:** The pool of eligible investors is limited to those who are Accredited or Sophisticated. Broadly, this represents a small fraction of the investing public and there can be significant competition for the attention of these investors.
- **Timing**: Often, the equity raise must be completed in a relatively short period of time. Syndications require an extensive network of pre-approved investors who can move capital quickly. These relationships can take years to develop.

Even with the risks, running a syndication can be one of the most effective ways to raise the capital necessary to level up to institutional quality multifamily assets.

Syndication Roles and Responsibilities

Because a syndication is a specialized type of partnership, there are two groups of "members" each with their own set of roles and responsibilities.

General Partner

The General Partner can be thought of as the investment manager and they are responsible the following:

- **Pre-Purchase Work**: In the pre-purchase phase of the transaction, The General Partner's primary responsibility is to find and underwrite promising investment opportunities to ensure they represent an acceptable level of risk for potential investors. If they do, the General Partner will place the property under contract and manage the entire transaction from beginning to end, which includes:
    - Setting up the LLC
    - Creating the securities offering documents
    - Sourcing the investment capital
    - Arranging the debt financing
    - Managing pre-closing expenses like escrow, third party reports, contract deposits

  In some cases, the General Partner may be required to utilize their balance sheet, liquidity, and investment experience to get the deal closed. Further, depending on the type of debt financing obtained, they may need to sign a personal guarantee, which obligates them to repay the debt personally if the investment is unsuccessful.

- **Asset Management:** The General Partner's responsibility does not end when the purchase is closed. They are also responsible for managing the asset on a day to day basis and for delivering a return on the investor's capital. These activities include:
  - Hiring third party property management
  - Execution of the property's business plan
  - Periodic site visits
  - Tracking the property's financial performance
  - Investor relations

Often, there is more than one individual in the General Partnership. These individuals may choose to work together on one deal only or on multiple deals. In a multiple deal scenario, the individuals in the General Partnership will have to decide between themselves how to split their portion of the property's income and profits. In general, there are two options:

(1) **All Split Equally**: In this scenario, ownership is split evenly on all deals, regardless of size. This structure is good for building a long term brand, but it is less flexible for each individual in the General Partnership.

(2) **All Split Uniquely**: In this scenario, deal ownership is split is based on the unique characteristics of each deal. This structure provides more flexibility for each member of the General Partnership, but it can be difficult to build a long term brand because each deal is different.

Limited Partners

Limited Partner(s) may also be called the “investors.” They are individuals who are either Accredited or Sophisticated and they invest their money with the General Partner with the hope of earning a return. In a typical transaction, a General Partner may contribute 10% - 20% of the total equity needed and the Limited Partners will contribute the remaining 80% - 90%.

It is important to note that Limited Partners are not purchasing a share of the property itself. They are purchasing shares in the LLC that owns the property. The Limited Partner role is strictly passive and they do not have any say in day to day property management decisions. As an individual running a multifamily syndicate, it is important to be clear with Limited Partners that their role is passive.

Shareholder Classes

From a terminology perspective, the General Partner and Limited Partner roles may also be referred to as a particular “Class” of member.

Limited Partners may be referred to as “Class A” shareholders because they are the “cash paying” investors who contribute capital to the project. In exchange, they may be offered a preferred return, meaning they are paid before any other class of shareholders.

General Partners may be referred to as the “Class B” shareholders or the “service class” because the bulk of their contribution is the property identification, underwriting, and capital sourcing services that they give to the LLC. In exchange, they are provided with shares of ownership. However, their claim on property income and profits is “subordinate” to Class A shareholders, meaning they are only paid once the preferred return has been distributed to Class A shareholders.

Pros

There are a variety of reasons to create multiple classes of shareholders:

- It allows the company to preserves distribution payments in the event the manager is removed
- It segregates fee income from distributions and allows them to be taxed at different rates
- It allows the General Partner to allocate Class B shares as they see fit for individuals who provide services to the company

Cons

But, there are also a series of cons to the multi-class shareholder structure:

- It is complicated to set up and administer
- The added complication increases the expense associated with setting up the syndication

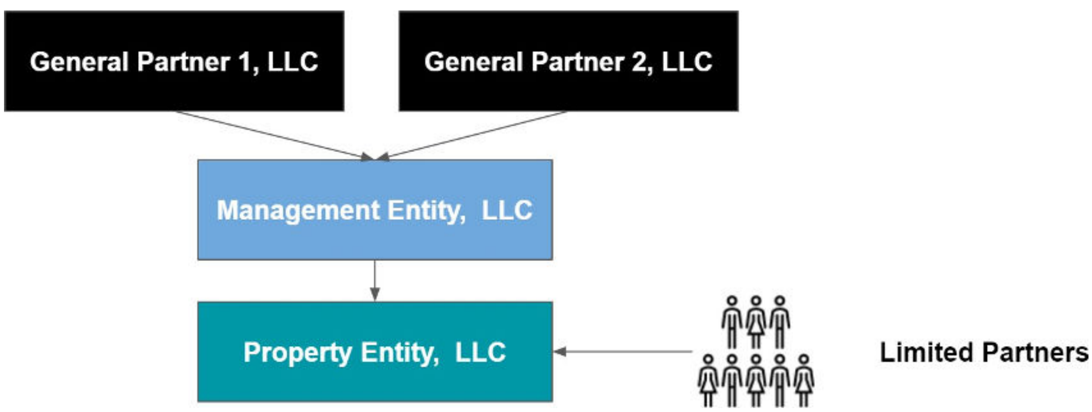
Clarifying roles and responsibilities at the outset of the syndication is critically important for the success of the investment down the road. Failing to do so can create confusion, disagreement, and in a worst case scenario, legal issues. Roles should be clearly described in the investment’s offering documents and agreed to, in writing.

Structuring the Syndication

From a legal standpoint, the structure of the syndication is critical to ensure compliance with securities laws and to protect the General Partner(s) from personal liability in the transaction. As such, there are several best practices that should be considered when creating the syndication.

Structuring the Legal Entities

One of the things that can make a syndication complicated is that there can be several business entities involved in the transaction. This should be intentional as part of a risk mitigation strategy that seeks to limit personal liability. Although it can vary from deal to deal, the following diagram illustrates a typical syndication structure:



Assume that there are two individuals who are going to work together to create a syndication. Each of them may form a holding company in which they are the sole shareholder. Through their respective holding companies, they may form a management company through which to conduct their joint business.

Working together, they find a large multifamily property that they would like to purchase. To do so, they create a single purpose LLC, the Property Entity, and make the required initial equity contribution through the Management Entity. For the remaining equity, they sell shares in the Property Entity to a series of Limited Partners who are either Accredited or Sophisticated.

This structure highlights several syndication best practices with regard to the legal structure:

- The property should always be purchased through a single purpose entity.
- The single purpose entity should be structured as a Limited Liability Corporation, which is taxed like a partnership, but provides the liability protection of a corporation.
- Shares in the Property Entity should be offered to investors
- The General Partner's equity contribution should be made through the Management Entity, LLC.
- The principals of the general partnership should invest in the management entity, LLC through their own individual LLCs.

This "layered" structure provides asset and liability protection for each of the individuals behind the syndication. In addition, it makes it easier to account for the funds associated with each of the entities for accounting and tax purposes.

Structuring the Return

The General Partner is responsible for creating the return structure that will be offered to Limited Partners. In doing so, there should be two goals:

1) The return structure should align the financial incentives of the General Partner with those of the Limited Partners

2) Distributions should be fair and equitable between the General Partnership and Limited Partners

As the General Partner, it is important to balance the need to earn a return with the ability to offer an attractive investment opportunity for Limited Partners.

Options for Splitting Returns

Generally, there are two options for splitting the property's income and profits between the General Partnership and the Limited Partners.

Simple Split

The simple split is a clean and easy to understand option that offers a preferred return to Limited Partners and a simple split after that return has been delivered.

For example, assume that a property requires $1,000,000 in equity. The General Partner contributes 20% or $200,000 and the remaining 80% or $800,000 is raised from Limited Partners. In a simple split structure, the Limited Partners may be offered a preferred return of 8% and, anything over that hurdle would be split 40% / 60% between the General Partners and Limited Partners.

The advantage of this structure is that it is easy for investors to understand and it is easy for the General Partner(s) to administer. But, it limits the financial incentive of the General Partner to deliver a return much higher than 8%. Put another way, it incentivizes the

General Partner to do the bare minimum to deliver an 8% return, but nothing beyond that. Viewed from the Limited Partner perspective, this could be a negative.

The alternative is a “waterfall” return structure where there is a sliding scale of incentives that would encourage the General Partner to deliver the highest return possible.

Waterfall

A waterfall return structure creates a sliding scale of income splits meant to incentivize the General Partner to maximize the return. To illustrate this point, assume the same equity requirements, 20% from the General Partner and 80% from the Limited Partners. But, instead of a simple split, the returns are split according to a “waterfall” as follows:

- **Step 1**: Property income is split “pro rata” until the Limited Partners have earned a preferred return of 8%. “Pro rata” means that income is split relative to the initial equity contributions. So, the General Partner gets 20% of income and the Limited Partners get 80%, until the 8% return hurdle is reached.

- **Step 2**: When the Limited Partners have earned more than 8%, but less than 15%, the income split changes so that the General Partner gets 30% of the property’s income and the Limited Partners get 70%. This extra 10% for the General Partner is referred to as a “promote” and it is a bonus paid for delivering a strong return.

- **Step 3**: When Limited Partners earn more than 15%, the income split changes again so that the General Partner gets 45% of the property income and the Limited Partners get 55%.

From this example, it can be seen that there are benefits to a waterfall structure for both the General Partners and Limited Partners. For the General Partners, there is a chance to earn an outsize return relative to their initial equity contribution if they are able to deliver a return in excess of 15%. For the Limited Partners, there is a very strong financial incentive for the General Partner to deliver a return in excess of 15% and they will likely do everything in their power to achieve it. However, it comes at a cost for the Limited Partners because they will have to sacrifice a portion of their share along the way.

American vs. European Waterfall Structure

In general, there are two types of waterfall structures that could be offered, the "American Structure" or the "European Structure.

American Structure

In an American structure, the General Partner receives some share of property income before the investors have received their money back. The example above is an American waterfall because the General Partner receives some share of property income in step 1, before the Limited Partners have recovered their investment.

For the General Partner, the obvious benefit of an American structure is that they can begin receiving a share of the property's income on day 1. The downside is that the Limited Partners may question why the General Partner is getting paid prior to them receiving their money back.

European Structure

The alternative is a European Structure, where the General Partner is not entitled to any income until the investors have received their initial investment back.

The European Structure is more Limited Partner friendly and is meant to inspire confidence in the safety of their investment. However, it can be difficult for the General Partner because it could take years before they see any return on their own investment. They must have the financial resources to endure this period of time.

Preferred Returns

One way to entice investors is to offer them a preferred return, which limits the General Partner's share of property income until the Limited Partners have earned a certain percentage return on their investment.

The Preferred Return could be structured so that property income is split "pro rata," like the example above. Or, it could be structured so that the General Partner does not get *any* income until the Preferred Return hurdle is met. Either way, the point of the

Preferred Return is to encourage investment by giving Limited Partners a first priority in the property's income.

Promotes

Once a Preferred Return hurdle is met, the General Partner may structure the waterfall so they are entitled to a "promote" which is a bonus for meeting certain return hurdles.

The size of the promote can be structured so that it is on a sliding scale relative to the amount of the return. The higher the return, the larger the promote. The example above illustrates this concept.

Documentation Required

When creating the syndication, there are a variety of documents that need to be created. As a best practice an experienced real estate attorney should be utilized. Although expensive, they can prove to be invaluable in terms of liability protection. The following documents, among others, are required when creating a syndication.

SEC Form D

SEC Form D is used to file a notice of an exempt securities offering with the Securities and Exchange Commission. Federal securities law requires this document to be filed by companies that have sold securities without registration under the Securities Act of 1933 in an offering made under rule 506 of Regulation D.

Form D notice must be filed within 15 days after the first sale of the securities in the offering, which is defined as the "*date on which the first investor is irrevocably contractually committed to invest.*"

The document and any subsequent amendments must be filed online using the SEC's EDGAR system and an example of the form can be found on the SEC's website.

LLC Formation Paperwork

There are two types of documents required to create the single purpose entity that will be used to purchase the property, the formation documents and the Operating Agreement.

Formation Documents / Articles of Incorporation

Articles of Incorporation are the documents that are filed with regulatory authorities to notify them of the company's formation. Articles of incorporation are filed at the state level, but some states make it easier than others. States like Nevada and Delaware make it very easy to file a limited liability corporation whereas others make it more difficult.

As a general rule of thumb, the LLC should be filed in either the state in which the property is located or the state in which the General Partner's business is located. To find the requirements for a given state, the "Secretary of State" can be Googled or a third party service, like LegalZoom, can be used for a fee. Otherwise it is relatively easy to complete the Articles of Incorporation and submit them to the state.

LLC Operating Agreement

Once the LLC is created, another document called the Operating Agreement needs to be created to define how the LLC will run. The Operating Agreement is a good example of a document that should be prepared in consultation with a lawyer because it needs to be crystal clear on the following elements of the company's operation.

Membership

As previously mentioned, there is likely to be two classes of "member" shares. The Class A shares are those sold to the Limited Partners and they usually represent a majority of company ownership. Class A shares have no voting control and are usually purchased through a Subscription Agreement.

Class B shares are the "service" class and are issued to individual sponsors or the General Partners. Their share of the equity is smaller than the Class A shareholders, but they *do* have a voting interest. As the organizational chart above shows, Class B shares are usually purchased and/or held through another entity or LLC.

Transfer/Sale of Membership Interest

The Operating Agreement should also address transfer of membership interest, meaning whether members are allowed to sell their shares in the company. Because multifamily investments typically contain a multi-year holding period, there is generally a prohibition on transferring membership interests. However, the Operating Agreement may carve out exceptions to this mandate, particularly in instances of estate planning.

If the Membership section allows the transfer of Class A shares, it may be a good idea to include a "Right of First Refusal" clause, which would allow the company an opportunity to purchase the shares before anyone else. If this clause is included, it should establish a method for valuing the shares.

General Provisions

The General Provisions section of the Operating Agreement should contain basic information about the company, which includes things like:

- Name of the company and whether or not it can be changed
- **Place of business**: Although it may seem minor, the choice of the place of business may have jurisdictional implications for potential legal issues
- Nature and Purpose of Business should address what the business does. In general, it may be better to use a broad term like "all legal undertakings" vs. something that is specifically related to the property because it could limit the allowable types of business for the LLC.
- **Length of Operation**: LLCs are meant to have a defined life span, which typically corresponds to the planned holding period of the investment. This section of the Operating Agreement should define exactly how long the LLC will be in existence. A statement like "perpetual unless terminated in accordance with agreement or by law" or "termination upon sale of the property" will set the triggers for the dissolution of the LLC.

Representations & Warranties

The intent of the Representations & Warranties section is to provide protection from legal actions against the General Partner. As a signatory to the Operating Agreement, the LPs "Represent & Warrant" that a variety of statements are true. To that end, the Operating Agreement should contain a number of provisions:

- **Securities Registration**: The LPs should acknowledge that the securities offering is not registered and that there is no public market for them.
- **Acquisition of Interest**: The LPs should acknowledge that they are acquiring the securities for their own account; that there are no third party beneficiaries, and that they are not acquiring the securities with the intent to resell them.
- **Advertising & Solicitation**: If the offering is a 506(b) offering the LPs should acknowledge that they have not received any advertisement or solicitation to encourage their investment.
- **Investigation & Due Diligence**: The LPs should acknowledge that they have performed their own due diligence on the offering and that they have had the chance to obtain professional advice.
- **Terrorism Laws**: The LPs should acknowledge that they are not a "Prohibited Person" and that they are not in violation of terrorism laws with their investment in the offering.

By requiring the LPs to make these representations and warranties at the outset of the investment the General Partners can protect themselves from claims to the contrary.

Capital Contributions & Accounts

The Capital Contributions & Accounts section of the Operating Agreement address matters related to investment in the LLC. The section should address requirements for both the initial equity contribution and any subsequent contributions that may be required.

With respect to the initial contributions, the Operating agreement should address how many Class A shares are for sale and the price for each. It should also address what considerations will be made in return for Class B shares. Since Class B shares aren't sold, a valuation methodology does not need to be established.

The investment does not always go according to plan. A property may have extended vacancies or it may suffer damage from an unexpected event. In either case, the potential exists for additional capital contributions beyond the initial investment and the Operating Agreement should specify:

- Whether the LLC "shall" or "may" require additional capital contributions
- What happens if the Limited Partners elect *not* to make the required additional capital contributions
- Whether the members are allowed to make loans to the company
- What discretion the General Partner has over subsequent capital contributions

Distributions

The return structure discussed earlier is described in this section of the Operating Agreement. The description should be explicit on the following:

- If there is no waterfall, it should describe the rules governing the return and the priority of cash distributions.
- If there is a waterfall, the Operating Agreement should define the return hurdles and the income splits at each. In addition, it should describe *how* the return hurdles are measured. Popular options include the Internal Rate of Return or the Equity Multiple.
- Finally, the Operating Agreement should define how the funds will be distributed upon the sale of the property and/or termination of the LLC. In general, the priority order should be:
    - **First**: Funds are used to pay all outstanding debts and liabilities.
    - **Second**: Remaining funds should be used to set up a contingency fund for future liabilities, like taxes.
    - **Third**: Remaining funds should be used to repay member loans, if they exist
    - **Fourth**: Finally, any remaining funds should be used for distributions to company shareholders, in accordance with predefined rules.

Management Responsibilities & Compensation

The General Partner(s) is also the manager of the company and the Operating Agreement should outline their responsibilities as such. Example responsibilities include:

- Class A member participation – Not allowed
- Full authority to make decisions affecting the company
- Manage daily operations
- Finance, refinance, sell, or market the property
- Borrow money and perform obligations
- Enter into contracts, lease units, pay fees and expenses
- Establish reserves & appoint officers of the company
- Set salaries, obtain insurance, and pay taxes
- Process and requirements to remove manager

In return for their stewardship of the investment, the manager will be compensated and the Operating Agreement should explicitly define how the compensation will be paid and what fees will be charged. Potential sources of compensation include:

- Acquisition fees
- Asset management fees
- Cash distributions (per the distribution schedule)
- Fees may be limited at lender discretion
- Fees are subordinate to lender interest

NOTE: Fees will be discussed in a future section.

Drag Along Rights

On occasion, the General Partnership may decide to sell its membership interest, but not the asset. As such, the Operating Agreement should contain a provision that indicates whether or not "drag along rights" exist. If they do, members who oppose the sale can be "dragged along" or forced into compliance if the majority of shareholders vote for it.

For example, suppose a general partnership has elected to sell their membership interest (not the property) and a majority of members vote to approve it. However, there are a few that vote against it. If "drag along" rights exist, the members opposed to the sale are forced to go along with it because the majority voted to approve it.

When putting together the syndication, drag along rights should be a key consideration.

Return Calculations

The Operating Agreement should be explicitly clear about how property returns are calculated and the order in which they are distributed, particularly on three points.

- If a Preferred Return is offered, the Operating Agreement should answer three questions:

    - Is the Preferred Return cumulative or non-cumulative, meaning if the property's income is not sufficient to meet the preferred return threshold in a given period, does the deficit carry over to the next period or not?

    - Is the Preferred Return compounded or non-compounded? If it is cumulative, this provision determines whether or not the deficit is compounded at the preferred rate of return. If the property underperforms over a long period of time, a cumulative, compounded return structure can dig a large hole for the General Partner.

    - From whose capital is the Preferred Return calculated from? Typically, it is from the LP's capital, but it should be specified in the Operating Agreement.

- If a Preferred Return is offered, is it "truly" preferred?

    - A "true" Preferred Return is defined as one that the Limited Partners receive *before* the sponsor.

- If a “true” Preferred Return is not offered, are the returns “pari passu?”
    - “Pari Passu” means that the return is paid at the same time and without preference,
    - A “Pari Passu” return structure acts as a threshold up to which the Limited Partner’s capital and the General Partner’s capital are treated the same.
    - Over that threshold, the General Partner is paid a “promote” which, as described earlier, is a bonus paid to the General Partner for delivering a high return.

To summarize, the Operating Agreement is critically important and getting it right means heading off potential disagreements with the Limited Partners from the start.

Private Placement Memorandum (PPM)

The Private Placement Memorandum or “PPM” for short is an extremely detailed document that describes the details of the securities offering, the structure of the deal, the terms of the equity investment, and the potential risks associated with the deal. As a tool, the PPM serves a dual purpose, to exhibit compliance with federal securities laws and as a marketing tool to provide information to potential investors. This is another document for which legal counsel should be utilized in an effort to limit potential liability. A typical PPM should include the following sections.

Important Notices & Disclaimers

The notices and disclaimers section is designed to inform potential investors about the risks associated with the investment. In addition, it may include disclaimers that are required by law. Examples of notices and disclaimers that could be included in this section are:

- The securities offering is not registered with the SEC. Instead it relies on an exemption.
- The securities are issued privately and no public market exists for them.
- There is a high degree of risk associated with investment, including the partial or complete loss of capital
- There may be restrictions on the transfer of the securities
- No individual is authorized to make any representations or warranties about the offering, other than those made within the offering materials
- The offering materials do not offer any legal or tax advice and investors have the option to hire their own counsel.
- The company has the right to modify or withdraw the securities offering
- Investors have an opportunity to ask questions of the General Partner.

Summary of the Offering

The Summary section is meant to provide a brief overview of the securities offering, the issuer, and the terms of the investment. It is meant to outline key information for prospective investors at the start of the document and should include, at a minimum, the following:

- A summary of the offering business and the investment opportunity itself
- The terms of the securities offering
- Investor eligibility requirements (e.g. they must be Accredited and/or Sophisticated)
- An overview of the risk factors associated with the investment
- An inventory of the documents that investors must sign to participate in the offering

The Company & Management

Because investors are placing their trust (and money) with the General Partner(s), it is important to include a section in the PPM that describes the company and its leadership. Examples of information that should be described in the Company & Management section, include:

- A description of the company's purpose and planned business operations
- A description of the multifamily industry
- An overview of the company's business and marketing plan for the asset
- The number of employees and organizational structure of the company
- Biographies of the General Partner team and their multifamily experience
- General Partner compensation
- Potential General Partner conflicts of interest

Terms of the Offering & Description of the Securities

To raise the needed equity, ownership of the acquiring LLC is sold in the form of securities. As such, the PPM should include a section on the terms of the offering and a description of the securities. At a minimum, this section should include the following:

- Who is eligible to invest in the offering (Accredited and/or Sophisticated investors)
- The minimum and maximum investment amount
- The plan for distribution of the securities
- Whether or not finders fees are paid for individuals who help find investors

Risk Factors

Investing in a private securities offering is risky and the General Partner has a responsibility to ensure that potential investors are aware of this. As a result, the "Risk Factors" section of the PPM is perhaps one of the most important. It should include:

- Risks related to the company
- Risks related to the industry; and
- Risks related to the specific offering and securities

In this section, it is particularly important to be specific and direct. Risks should be clearly identified and not softened for marketing purposes. The list should be comprehensive and each factor should be described as concisely as possible.

Use of Proceeds

Collectively, investors are contributing a significant amount of capital to the transaction and they deserve to know how it will be used. This information should be outlined in the "Use of Proceeds" section by category. While the majority of the funds will be put towards the purchase of the property, some funds could be used for other, administrative expenses. Examples of categories are:

- Legal & Accounting fees
- Placement fees
- General Partner compensation
- Renovations
- Property operating reserves

Litigation

One of the major goals of the disclosures and documents provided to potential investors is to prevent future litigation. However, it can happen and the PPM should include an overview of the steps that will be taken to manage legal issues.

In addition, the Litigation section should disclose whether or not the LLC is currently involved with any litigation. Because the LLC is new, this may be unlikely.

Appendices

Although not a direct part of the PPM, the document should include a series of appendices that provides investors with additional forms and documentation that they need to complete their investment. Examples of potential appendices include:

- Instructions on how to invest
- Subscription & purchase agreement (more on this below)
- Corporate documents like the Articles of Incorporation and Operating Agreement
- Investor Questionnaire (to certify Accredited status)
- W-9 form

To summarize, the PPM can be a lengthy and detailed document that is meant to exhibit compliance with federal securities law while offering a thorough piece of marketing collateral to potential investors. Statements in this document are likely to be relied up for investment so it is critically important that the language be vetted by a qualified securities attorney.

Subscription Agreement

The Subscription Agreement is complementary to the Private Placement Memorandum and acts as the official agreement between the company and the investor(s) for investment. It sets the price and terms for a purchase of shares in the company.

Like the PPM, the Subscription Agreement should be prepared by a qualified attorney. However, the SEC provides an example of a Subscription Agreement on their website.

Investor Questionnaire

Remember, syndicated investments are only available to investors who are Accredited or Sophisticated. Depending on the type of syndication being created, it may be up to the General Partner to verify whether or not potential investors meet the necessary requirements.

To assist with the creation of this document, the SEC provides an example of an investor questionnaire on their website. The actual format of the document is less important than demonstrating that an effort was made to verify investor suitability.

Fees

For the General Partner(s), a syndication requires a significant amount of upfront investment to identify the property, underwrite it, assemble the capital, create the acquisition entity and associated legal documentation needed for the syndicate. It is also expensive to administer the investment, which means producing investor reporting, and hiring the staff to support the operation of the property.

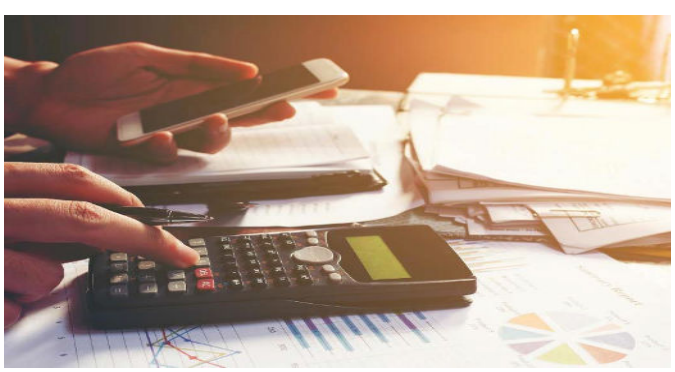
To recoup *some* of these costs, General Partners may charge one or more fees. However, it should be noted that these fees should not be a profit center. If there are too many or if they are too high, investors may perceive the investment as too expensive.

The amount and type of fees tend to vary from one deal to the next, but examples include:

- **Company Formation Fee**: Upfront company formation costs can be recouped through a company formation fee. One-time upfront costs include legal, marketing, technology, investor relations, and other costs associated with capital raising and forming the investment company. This fee is typically between .5% and 2% of total equity raised.
- **Acquisition Fee**: This fee is most common amongst managers syndicating individual deals. It is usually between 1% and 2% of the total deal size and is generally on a sliding scale, meaning the bigger the deal, the lower the fee.

- **Construction Management Fee**: If there is a major renovation planned, it is not uncommon to charge a fee for the management of it.
- **Refinance Fee**: If debt is refinanced during the investment holding period, some General Partners charge a fee for doing so. Typically, it is between .25% and 1% of total equity.
- **Asset Management Fees**: This fee is charged for the time associated with the management of the asset. Typically, it ranges from 1% to 2% of *invested equity*.
- **Disposition Fee**: When selling an asset, the General Partner will likely hire a real estate broker to represent their interest. The broker's fee, typically 1% to 3% of the sales price, is paid through the investment entity. However, some General Partners charge their own fee on top of the broker fee, ranging from .25% and .75% of the sales price.

Again, there is a delicate balance with fees. The General Partner should charge just enough to cover their costs associated with the creating and administering the syndication. Anything more may put them at a competitive disadvantage to other syndicators offering a similar opportunity. It may be a good idea to do a competitive analysis when determining the investment's fee structure.



Syndication Best Practices

There are benefits and risks to using a syndication structure as a means for raising equity. Doing so can be the key to accessing the type and amount of capital needed to transition your investment business from a part time pursuit to a full time career. In addition, the typical return structure for a syndicated offering can provide significant financial incentives for the General Partner, which can result in lucrative returns if the property is successful.

However, a syndication is complicated and expensive to set up and administer. In addition, compliance with federal securities laws is a primary concern that can result in financial penalties or worse if violated.

To give a syndicated offering the best change for success, the following best practices should be considered:

- **Be Fair**: The financial interest of the GP and LP should be aligned to ensure both benefit

- **Keep Fees to a Minimum**: They should be just enough to cover costs

- **Get Legal Advice**: Consulting a qualified securities attorney when creating the syndication's documents will serve to increase compliance with federal laws and decrease risk of future litigation

- **Be Realistic**: Projected investment returns should be conservative & achievable

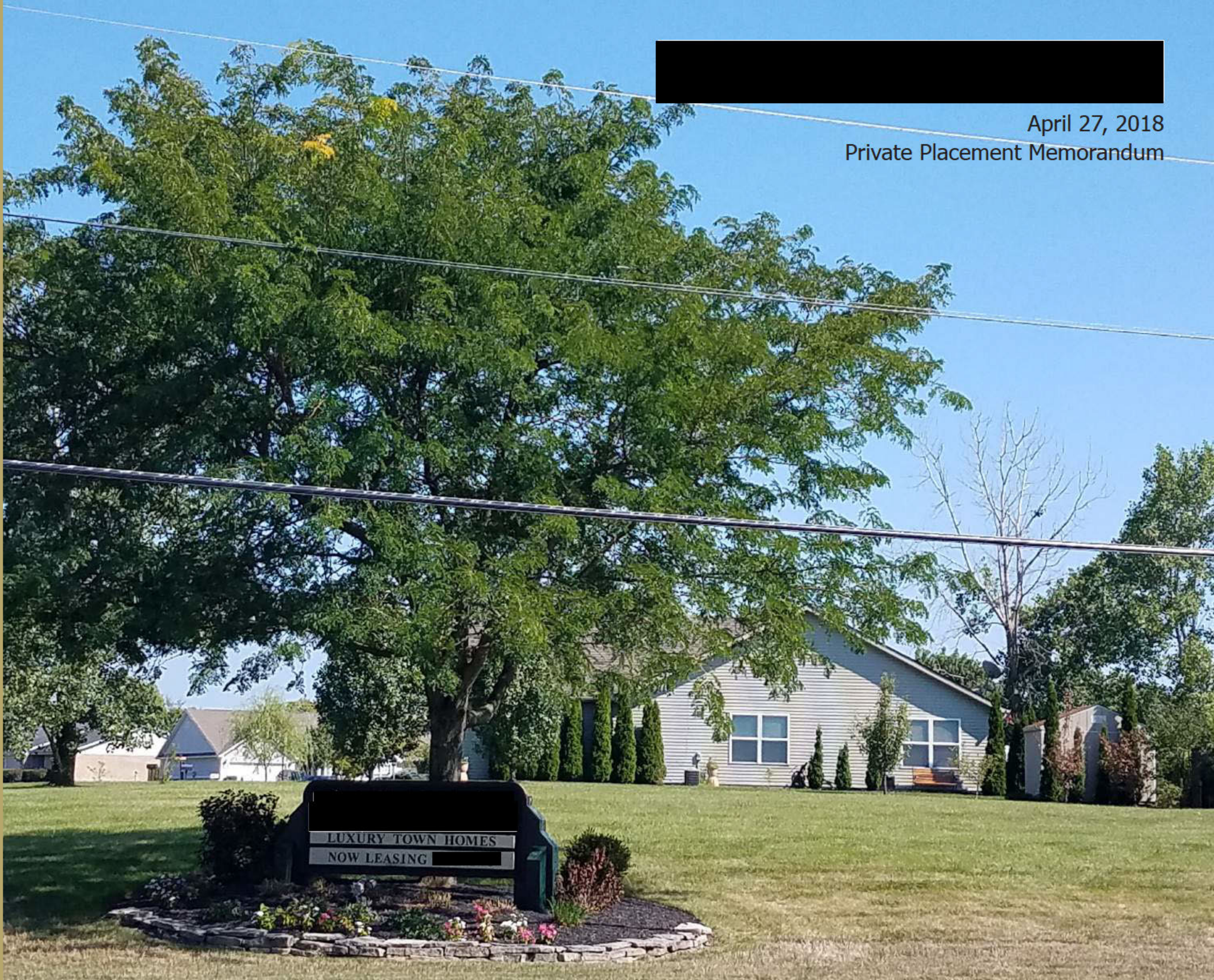
- **Certify Investors**: Private real estate investors must be Accredited or Sophisticated and it is the General Partner's responsibility to ensure they meet these requirements
- **Build Your Network**: The pool of investors that meet Accredited or Sophisticated requirements is relatively small. As someone who is going to create a syndication is important to be constantly working on building a network of qualified investors that can be called upon when the next opportunity arises.
- **Separate LLCs**: To limit personal legal liability, syndication entities should be separated and each property should be in its own LLC.
- **Separate Books**: When running multiple syndications, the accounting can be complicated. To limit the "comingling" of funds, accounting books for each property should be kept separate.

Finally, when creating a syndication for the first time, it is always a good idea to seek the counsel of or partner with other individuals who have experience in this space. Doing so will help to keep mistakes to a minimum while gaining valuable experience and knowledge.

[redacted]

April 27, 2018

Private Placement Memorandum



For the Exclusive Use of: ___________________________________ Memorandum No.____________________________

CONFIDENTIAL

This Private Placement Memorandum contains confidential and proprietary information belonging exclusively to LLC.

This Private Placement Memorandum is provided solely for convenience and does not constitute legal or investment advice. The materials in this Private Placement Memorandum are provided for information purposes only. The information is provided by LLC, and while we endeavor to keep the information up to date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, or reliability of the data contained in this Private Placement Memorandum or the suitability of the offering for an investor.

Any graphics utilized in this Private Placement Memorandum are for display purposes only and, unless otherwise noted, are not necessarily related to the operations of the Company.

CONTENTS

SECTION 1: Synopsis of Operations

[redacted] LLC

INTRODUCTION

[redacted] LLC ("[redacted]" or the "Company") is being formed to provide high net-worth individuals, corporations, small pension funds, Individual Retirement Accounts, self-directed 401-Ks, and endowments access to a professionally managed real estate investment. The Company is being organized to acquire and manage the property currently known as [redacted] Townhomes, in [redacted] (the "Property"). This high quality real estate investment opportunity combines income, principal investment growth, and elements of capital preservation. The Company is managed by [redacted] LLC ("[redacted]" or the "Manager"), a Florida company that specializes in real estate asset acquisition and management. [redacted] is managed by highly experienced real estate and finance professionals whose experience began in the 80s and 90s and extends from Colorado to New York to Florida and covers single family, multi-family and commercial markets.

The Company's primary focus is to capitalize on the near-term acquisition opportunities introduced by the strong current real estate market and reposition the Property to both bring the rents up to market and bring it to an "A" class asset through targeted capital improvements. The Manager will attempt to sell the Property as soon as practical provided market/finance conditions are reasonably optimal to support a profitable sale of the Property. The Manager estimates a holding period of five (5) to ten (10) years. The acquisition of the Property should provide the opportunity to implement a renovation and asset management strategy that is expected to drive growth in rental income and asset value in readiness to exit at or around year five of the hold period. The strategy includes the value-add repositioning of the community's interior, repositioning the property from a Class B to Class A asset (an asset class in which currently demand significantly outpaces supply), and the replacement of the property management company with a new, institutional-quality, third party property management company.

[redacted] LLC has identified the [redacted] suburb of [redacted] as an emerging market with compelling market opportunities due to the high wage and population growth in the area. This growth is expected to continue for the next five to ten years.

The Manager invites potential accredited investors to carefully review [redacted]'s Private Placement Memorandum and encourages potential investors to ask questions of management regarding the Company's forward operational plans and this Offering by calling [redacted] or emailing [redacted]

[redacted]

WHY MULTIFAMILY?

Investing in Multifamily and Apartments

Multi-unit properties, such as apartment buildings, offer more income diversification than investing in single family residences. If a tenant vacates a single family residence, the vacancy is 100% and there is zero incoming net income from the unit. Conversely, for a multi-unit property, the residents typically do not vacate at the same time. Thus, apartment buildings and multifamily properties tend to provide increased stability of net income from the real estate asset as opposed to single family assets.

In addition to a near-constant income stream, in any economic environment there is a constant need for affordable housing. In a poor or mediocre economy, there is arguably an increased need for affordable housing especially when the process of home ownership is more expensive or simply unattractive due to other factors. Therefore, apartments tend to be more recession resistant given that rental units offer more affordable housing as opposed to owning and maintaining a traditional single family home.

Equity creation, or "forced equity", can also be created by either increasing revenue or decreasing expenses of the property. Either action ultimately increases the operating profit of the property, or the Net Operating Income ("NOI"). For every additional dollar created in NOI, this accomplishment creates a multiplier in equity value depending upon the capitalization rate (valuation multiple) when the property is sold.

A large, multi-unit property can afford a competent and focused property manager on site. A property manager can tend to tenants' immediate needs and also conduct key marketing activities to find new tenants when required. Therefore, a property manager, and other related resources, helps manage the property and monitors the investment through all phases of the holding period. Also, any given property will have a certain amount of fixed costs, and as the size of the building increases, the fixed costs decrease as a percentage of revenue which is a benefit to investors.

Putting in place the most appropriate capital structure for the property, in the form of debt and/or equity, can optimize the property's income and ultimately the value. If the property is bought at the right time and for the right price, rents will increase over time, typically more than expenses, and this increase in income will increase the value of the property. In some cases, there is also a change in valuation multiples. If an asset is purchased at one valuation multiple, and then later on when the market changes, sells for a higher valuation multiple versus the purchase price multiple, equity will be created without any other changes needing to occur.

In the opinion of the management team, multifamily and apartment real estate assets can provide a compelling return on investment with lower risk exposure than other related investment sectors.

THE MARKET

2017 in Review: Growth Continued with Slow Moderation

Although the multifamily market has been moderating since the cyclical peak in 2015, it remained strong in 2017. Vacancy rates continued their upward trend throughout the year, but less sharply than originally anticipated, which allowed for stronger-than-expected rent growth. Construction delays over the last few years have slowed unit completions, generally giving demand time to absorb most of the new supply. The slower the new supply is released to the market, the less dramatic the impact to vacancy rates and rent growth. Because dynamics vary across individual metros, new units have been entering some markets faster than demand can absorb them.

The key economic factor driving housing demand is the labor market. The unemployment rate was 4.1 percent at the end of December, down 60 basis points (bps) since the end of 2016. The economy added on average 170,000 jobs per month throughout 2017, for a total of just over two million jobs during the year. While fewer than the prior two years, this pace of growth represents a healthy labor market. Furthermore, the slower job growth last year is not alarming; growth at the high levels seen in the years following the Great Recession was unsustainable over time. The economy has regained all job losses from the recession and then some, which will naturally slow employment gains. With the economy near full employment, we don’t expect employment to grow faster than population growth for an extended period of time.

Getting to full employment was a long, slow process, but wage growth has been even more sluggish. It is, however, moving in the right direction. At the end of the third quarter 2017, the Employment Cost Index (ECI) reported annual total compensation growth of 2.5 percent, the second-highest growth rate since the Great Recession and the sixth consecutive quarter of income growth above 2.2 percent. Furthermore, wages are increasing at the same rate in goods as well as service industries – a good sign that most workers are benefiting.

With the economy adding jobs at a good pace and moderate wage growth, household formations are growing, but more slowly than in the previous few years. As of the third quarter 2017, 620,000 new households were formed over the past year. While full year data is not yet available, owner household formations outpaced renter household formations so far in 2017. If the trend holds for the full year, it will be the first time since 2006 that more owner households than renter households formed. In fact, total renter households – including single-family and multifamily – saw a reduction over the past year by 150,000, while owner households were up 770,000. As a result, the homeownership rate rose to 63.9 percent in third quarter, increasing 20 bps over the last quarter and 40 bps over the last year.

While total renter households are a proxy for multifamily absorptions, multifamily-specific data from RealPage shows a slightly different story. Annualized absorptions remained positive so far this year, but slowed in the third quarter compared to the prior few years. Annualized absorptions were reported at 150,000 units in the third quarter, compared to an annual average of 250,000 going back to 2010. But one off quarter is not enough to know whether this is a turning point or a blip and, with the second-quarter absorption rate in line with the prior few years, we do not see it as a sign of multifamily demand drivers weakening. In fact, due to strong absorptions in the prior few quarters, the four-quarter moving average remains robust at 240,000 units. The current demographic drivers for multifamily demand remain strong, given the size of the Millennial and Baby Boom cohorts, an increasingly ethnically diverse population, and household preferences for rental housing.

Completions increased this year after flat growth in 2016. For the 12 months ending November 2017, 350,000 units were delivered, an increase of 12.3 percent compared to the 12 months ending November 2016. New construction continues to slow compared to the prior few years; multifamily permits and starts are down 11.4 percent and 9.8 percent, respectively, since 2015.

With all the new deliveries, supply slightly outpaced demand and vacancy rates increased marginally over the past few months. While the firms tracking the market all report vacancy rates trended higher, the level and change in vacancy varies a bit: We forecast a year-end vacancy rate of 4.8 percent in 2017, up 60 bps year-over-year. Meanwhile, preliminary fourth quarter reports show a more subdued increase in vacancy rates: Reis forecasts a year-end vacancy rate of 4.5 percent, up 30 bps year-over-year, while Axiometrics forecasts a higher rate of 5.5 percent, but remained flat over the past year.

In most markets, rent growth continued to moderate in 2017, but less severely than anticipated at the beginning of the year. We forecast asking rent growth of 3.8 percent through 2017, while Reis preliminary fourth quarter results forecasts annual asking rent at 3.9 percent and effective rent growth of 3.3 percent and Axiometrics expects slightly more subdued growth of 2.5 percent. Reis forecasts year-end asking rent growth in line with 2016 growth; however, increased concessions from new buildings could bring effective rent growth slightly below 2016 levels. Combined with vacancy rates, gross income is expected to come in around 3.1 percent in 2017, slightly below the long-run average going back to 1990. It continues to grow faster than inflation, though, and at a healthy rate, given the large influx of supply.

With rents increasing, it is intuitive that multifamily property prices would have also risen. In the past seven years, gross income growth has outpaced the long-run average, driving up investment returns and demand for multifamily investments. Property prices, in turn, have increased faster than the historical average. Despite a slow start to the year, property price growth remained strong through third quarter, averaging 10 percent annually, according to Real Capital Analytics (RCA). This compares favorably to the 6 percent annual average growth since 2000, but is less than the average of 12 percent since 2012. While moderating rents and vacancies had some impact on property prices, higher Treasury rates and overall market uncertainty in the first part of the year also tempered property prices.

The 10-year Treasury rate began and ended 2017 around 2.4 percent, although the rate jumped around throughout the year. The sharp increase following the 2016 election saw rates peak in March at 2.6 percent but fell to 2 percent in September before rising slowly to 2.4 percent by the end of December. While rates have not dipped below 2 percent since November 2016, they remain low by historical standards. The higher 10-year Treasury rate had little impact on capitalization (cap) rates through 2017. While cap rates and Treasury rates are correlated – typically, as Treasury rates increase, so do cap rates – cap rates remained flat to slightly down in 2017, ending the third quarter at 5.8 percent, down 20 bps over the year. Cap rate spreads (the difference between cap rates and 10-year Treasury), however, contracted by 90 bps due to the higher interest rate. Despite the contraction, spreads remain wide at 360 bps compared to the long-term average of 320 bps going back to 2001.

2018 and Beyond: Status Quo

Most measures suggest the multifamily market will continue to grow in line with the historical average through 2018. The labor market again will drive market growth. Employment growth in 2018 is expected to remain near 2017 levels, but this growth rate cannot be sustained much longer, given the very low unemployment rate and shrinking pool of available workers. With full employment also comes higher wage growth, which is expected to pick up during the year, encouraging more household formations. Furthermore, there are still pent-up households that may be formed with continued economic expansion. Demand for multifamily units is expected to stay strong because of these economic factors as well as lifestyle preferences and demographic trends – such as Millennials, Baby Boomers, and increasing diversity – that are fueling an increase in rentership.

Regarding supply, new completions are expected to peak through the end of 2017 and into the beginning of 2018. New completions are estimated to reach between 360,000 and 370,000 units nationally in 2017, and could go slightly higher in 2018 before leveling off near current start levels. The new supply is expected to outpace demand nationally in the short-term, causing vacancy rates to continue to increase. Despite lower absorption rates in the third quarter of 2017, RealPage forecasts that absorptions will pick up through 2018 but remain lower than new supply entering the market. Vacancy rates, therefore, will increase, but forecasts vary on the extent of the rise. We forecast that vacancy rates could increase by as much as 40 to 60 bps in 2018 if supply increases and demand stays at current levels.1 The high end of the range would put the year-end level in line with its historical average of 5.3 percent. An increase of 60 bps would be an unlikely severe case where new supply increases but demand does not increase from current levels. We expect that demand will also increase as more available units entice household formations. Also, if 2017 vacancy rates come in lower than anticipated, we expect rates will have a better chance of remaining below the historical average through 2018. Other forecasts (Reis, Axiometrics and Realpage) anticipate an increase in vacancy rates by only 20 to 30 bps. Expectations are for vacancy rates to increase to their long-run average over the next few years. Over the past several years, vacancy rates have remained lower than expected, despite higher levels of new supply and have taken longer to increase than anticipated. The same might happen again in 2018.

Despite higher vacancy rates, asking rents are expected to grow by 3.8 percent nationally – in line with 2016 and 2017 growth. This is above the long-run average going back to 1990 of 3.4 percent. Based on this rent growth, combined with the higher vacancy rate, gross income growth is expected to be in line with 2017 growth, just slightly below the long-run average, but remain above the 2 percent inflation target set by the Federal Open Market Committee (FOMC).

At the national level, performance is expected to remain in line with the historical average but, as always, performance across metros areas will vary. Construction starts in many markets are elevated compared to levels in the early 2000s and several metros have vacancy rates above their historical averages. Areas with below-historical-average vacancy rates (for example, Colorado Springs, Raleigh, and Tacoma) are better poised to absorb new supply without significantly disrupting multifamily performance. However, areas with increased new supply and above-historical-average vacancy rates (for example, San Francisco and Washington, D.C.) can expect slower absorption and potential negative impacts on multifamily fundamentals.

New construction starts have pulled back in several metros, most notably Nashville, Oklahoma City, Raleigh, and Washington, D.C. At the same time, construction has increased in several places: Denver, Oakland, San Jose, and Tacoma. For most metros, vacancy rates in 2018 are expected to increase but remain below their historical averages, implying there is room for more supply to be absorbed.

Expected rent growth will continue to be mixed across the metros. About half of the metros will see rent growth slow in 2018 compared to 2017. Still, in nearly 70 percent of metros, rents will continue to grow faster than their historical average. Rents will moderate most in areas that previously experienced the most growth – such as Seattle, Salt Lake City, Nashville, and Tacoma – but remain above historical averages in those cities. Increased supply will heat up competition and slow the unsustainably rapid rent growth experienced in recent years. Meanwhile, San Francisco, West Palm Beach, and Boston are expected to experience the largest rebounds in rent growth in 2018, compared to 2017.

Rent growth in all metros is expected to remain above the FOMC's target inflationary rate of 2 percent, except for New York City and Washington, D.C. – two areas experiencing some of the highest levels of completions. Southern California (comprising San Diego, Los Angeles, Riverside, and Orange County) also will experience below-historical-average rent growth.

Taking these factors into account, half of the top 10 metros based on gross income growth in 2018 will be in western states and the rest in secondary and tertiary markets in Florida and Ohio. The five western markets (the West Coast metros along with Colorado Springs) will see gross income moderate in 2018 from 2017 levels and vacancy rates increase slightly, but remain robust due to strong demand drivers for multifamily rentals in those areas. On the other hand, the metros in Florida and Ohio will see gross income increase in 2018 from 2017 levels and, in some cases, vacancy rates decline. Growth is expected to be strong in these secondary and tertiary markets because limited new supply will keep vacancy rates well below their respective historical averages. Meanwhile, strong employment and wage growth is expected, which will allow rents to rise above the national average.

[redacted] LLC

U.S. MACRO FORECAST

Stronger Output Growth and Brighter Labor Market

The U.S. economy looks stronger now than it did three months ago, according to 36 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The forecasters predict real GDP will grow at an annual rate of 3.0 percent this quarter and 2.9 percent next quarter. On an annual-average over annual-average basis, the forecasters predict real GDP growing 2.8 percent in 2018, 2.5 percent in 2019, and 2.0 percent in 2020. The forecasts for 2018, 2019, and 2020 are higher than the estimates of three months ago. For 2021, real GDP is estimated to grow 1.7 percent.

A brighter outlook for the labor market accompanies the outlook for stronger output growth. The forecasters predict the unemployment rate will average 4.0 percent in 2018, 3.8 percent in 2019, 3.9 percent in 2020, and 4.0 percent in 2021. The projections for 2018, 2019, and 2020 are below those of the last survey, indicating a brighter outlook for unemployment.

The panelists also predict an improvement in employment for 2018. The projections for the annual-average level of nonfarm payroll employment suggest job gains at a monthly rate of 175,100 in 2018, up from the previous estimate of 163,400. (These annual-average estimates are computed as the year-to-year change in the annual-average level of nonfarm payroll employment, converted to a monthly rate.)

Source: First Quarter 2018 Survey of Professional Forecasters, Federal Reserve Bank of Philadelphia

Release Date: February 9, 2018

LLC

OPPORTUNITY OVERVIEW

Number Of Buildings	16
Total Units	101
Year Built	1999-2000
Lot Size	12.6
Rentable Square feet	129,920
Two Bedroom	
Square feet	1,127
Total units	33
Three Bedroom	
Square feet	1,360
Total units	68

- Average Annual Return 15-17%
- Average Cash- On-Cash Return 9-10%
- Investor Preferred Return 7%
- Expected Hold Period 10 years*
- Closing Date 5/31/2018
- Investor Equity 70%

Roofs	Pitched Shingles
Construction	Concrete Foundation Wood Framing
Exterior	Brick/Siding
Plumbing	PVC/Copper
HVAC	Forced Air
Wiring	Copper
Parking	2 spaces per unit w/ additional guest parking
Fire Protection	Firewall Smoke Alarms


2415
WELCOME
HOME

INDUSTRY TRENDS

1 Value-Add Will Continue to Attract Interest

Core assets or light value-add assets in top-tier markets are likely to remain extremely costly, which will drive interest in previously overlooked markets that are currently experiencing strong rental growth because of economic barriers to entry. For many owners and investors, operational and moderate value-add deals will provide more yield than ground-up construction as labor costs continue to climb.

2 Ever More Mobile

Consensus among apartment marketing leaders is that apartment operators that haven't already focused on mobile have been left behind the pack. "The key is the integration of the systems," says Israel Carunungan, director of marketing at Charleston, S.C.-based management powerhouse Greystar. "It's not just that your mobile system is functioning, but how are all of the systems connected? That's the hardest part of the equation—to make sure that everything is synced together."

3 Online Ratings And Reviews

Internet ratings and reviews have been around for a long time, but the industry is just now figuring out how to monitor and manage them. Multifamilybiz.com reports that knowing how to optimize search engines such as Google, as well as pure-play rating sites such as Apartmentratings.com, factors into effective reputation management, but good ratings ultimately are a reflection of good, old-fashioned customer service.

4 Attract Diverse Demographics

These days, multifamily properties in urban centers are attracting two different demographics: Empty nesters who want to downsize after the children have gone to school and young Millennials who are attracted to an urban lifestyle. What unites both of these groups is a desire for a walkable, well-located apartment that's professionally landscaped and maintained. To keep your multifamily property on pace with trends, invest in the latest technology to serve Millennials and woo empty nesters with nice landscaping, well-lit pathways, and apartments that accommodate aging in place.

5

A Little Luxury Can Go A Long Way

Do you own an older multifamily property in need of full-scale remodeling? If so, investing in luxury touches can net a big win by drawing renters who want a luxury apartment and can afford to pay top dollar rents. In-demand luxury amenities include: Multi-use common areas with premium hardwood floors and designer furniture, On-site rock climbing wall, Yoga studios, Wine rooms, Infinity pools. These posh perks target hobbies of the well-to-do and can distinguish your luxury apartment building from others.

6

Supportive Demographic Factors

Industry sources continue to point to economic, demographic, and cultural factors that they believe will energize multifamily demand for several years. Marcus and Millichap's Seebee notes that total housing starts still lag total household formations by about 200,000 annually. Axiometrics predicts that most metros should be able to handle more multifamily deliveries. And everyone is keeping an eye on interest rates and employment to see which might tip the rent-versus-own balance.

7

There Should Be Apps For This

Property specific apps are beginning to show up in the virtual marketplace. Property specific apps could not only generate decent leads, but could also improve the residents' experience and providing prospects with real time information. Apps provide another opportunity for communication with residents and prospective residents as well.

8

Offer A Sustainable Lifestyle

Offering an eco-friendly apartment building sets your rentals apart from other properties on the market. If you care about the environment, offering services like composting, green energy, and bicycle parking at your multifamily unit is a natural fit. By requiring tenants to live sustainably, via green clauses in the lease, you can create an intentional community of happy renters who enjoy where they live, intend to stay for a long time, and match your commitment to sustainability.

THE MANAGEMENT TEAM

Invest Alongside Sector Professionals

The Company is managed by seasoned business professionals with extensive business and real estate sector experience. The management team is dedicated to the success of the Company and to maximizing the investment performance of the real estate asset to be acquired.

At the present time, one entity is actively involved in the management of the Company.

[redacted] LLC, Manager

[redacted] LLC (the "Manager" or "[redacted]") is a real estate investment company focused on generating capital gains, passive income, and long-term equity appreciation for its investors and owners through the purchase and leverage of undervalued real estate investments.

The Manager specializes in creating wealth for their investors while utilizing their creative skills to renew and reposition commercial real estate diligently and with integrity. [redacted] has over 80 years of combined experience in property management, syndication, acquisition/disposition, and construction/renovation.

The Manager focuses on the acquisition of multi-family residential properties. [redacted] is part of a network of private investors with the core focus of acquiring, repositioning and holding commercial real estate. This network's collective real estate holdings exceed $200 million in properties across all sectors. They include retail strip centers, regional power centers, multi family properties, warehouses, storage facilities, and office buildings.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SECTION 2: Private Placement Memorandum

[redacted] LLC

[redacted] LLC

$4,250,000

Limited Liability Company Membership Units
April 27, 2018

[redacted] LLC (the "Company" or "[redacted]"), a Delaware Company, is offering a minimum of 4,000 and a maximum of 4,250 Membership Units for $1,000 per unit. The offering price per unit has been arbitrarily determined by the Company. See Risk Factors: Offering Price.

THESE ARE SPECULATIVE SECURITIES, WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THESE UNITS.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), THE SECURITIES LAWS OF THE STATE OF DELAWARE, OR UNDER THE SECURITIES LAWS OF ANY OTHER STATE OR JURISDICTION IN RELIANCE UPON THE EXEMPTIONS FROM REGISTRATION PROVIDED BY THE ACT AND REGULATION D RULE 506(c) PROMULGATED THEREUNDER, AND THE COMPARABLE EXEMPTIONS FROM REGISTRATION PROVIDED BY OTHER APPLICABLE SECURITIES LAWS.

	Sales Price	**Est. Offering Expenses** (2)	**Proceeds to Company**
Unit Price	$1,000	$0	$1,000
Maximum	$4,250,000	$0	$4,250,000
Minimum (1)	$4,000,000	$0	$4,000,000

(1) The Company reserves the right to waive the 100 Unit minimum subscription for any investor. The Offering is not underwritten. The Units are offered on a “best efforts” basis by the Company through its officers and directors. The Company has set a minimum offering amount of 4,000 Units with minimum gross proceeds of $4,000,000 for this Offering. All proceeds from the sale of Units up to $4,000,000 will be deposited in a segregated escrow account. Upon the sale of $4,000,000 of Units, all proceeds will be delivered directly to the Company’s corporate account and be available for use by the Company at its discretion. Should the Offering fail to reach the Minimum Offering amount by the end of the Offering Term, then all subscription funds held in escrow will be immediately returned in full to subscribed investors without interest.

(2) Units will not be sold by brokers or dealers and will not receive commissions from the Units sold. The Company reserves the right to pay expenses related to this Offering from the proceeds of the Offering. See “PLAN OF PLACEMENT and USE OF PROCEEDS” section.

The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) October 27, 2018, or such date as may be extended from time to time by the Company, but not later than 180 days thereafter (the “Offering Period”.)

Securities may be purchased by the affiliates of the issuer or other parties with a financial interest in the offering

Securities may be purchased by the affiliates of the issuer, or by other persons who will receive fees or other compensation or gain dependent upon the success of this offering. Such purchases may be made at any time, and will be counted in determining whether the required minimum level of purchases has been met for the closing of the offering. Investors therefore should not expect that the sale of sufficient securities to reach the specified minimum, or in excess of that minimum, indicates that such sales have been made to investors who have no financial or other interest in the offering, or who otherwise are exercising independent investment discretion.

The sale of the specified minimum, while necessary to the business operations of the issuer, is not designed as a protection to investors, to indicate that their investment decision is shared by other unaffiliated investors. Because there may be substantial purchases by affiliates of the issuer, or other persons who will receive fees or other compensation or gain dependent upon the success of the offering, no individual investor should place any reliance on the sale of the specified minimum as an indication of the merits of this offering. Each investor must make his own investment decision as to the merits of this offering.

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS PRIVATE OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR.

EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE SECURITIES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THERE IS NO TRADING MARKET FOR THE COMPANY’S MEMBERSHIP UNITS AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE UNITS WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE.

THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER FEDERAL OR STATE SECURITIES LAWS THE UNITS PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE UNITS IS BEING UNDERTAKEN PURSUANT TO RULE 506(c) OF REGULATION D UNDER THE SECURITIES ACT.

ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE UNITS, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE FEDERAL OR STATE SECURITIES LAWS (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE SECURITIES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

No person is authorized to give any information or make any representation not contained in the Memorandum and any information or representation not contained herein must not be relied upon. Nothing in this Memorandum should be construed as legal or tax advice.

The primary managers of the Company have provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

Other than the Company's Management, no one has been authorized to give any information or to make any representation with respect to the Company or the Units that is not contained in this Memorandum. Prospective investors should not rely on any information not contained in this Memorandum.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so. This offering is only available to suitable "accredited" investors as defined by Rule 501 of Regulation D and all subscriptions for purchase of securities will be subject to verification by the Company of the investors status as an accredited investor.

This Memorandum does not constitute an offer if the prospective investor is not qualified under applicable securities laws.

This offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. The Company reserves the right to reject any subscription or to allot to any prospective investor less than the number of Shares subscribed for by such prospective investor.

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Shares. The contents of this Memorandum should not be considered to be investment, tax, or legal advice and each prospective investor should consult with their own counsel and advisors as to all matters concerning an investment in this Offering.

[redacted] LLC

The date of this Private Placement Memorandum is April 27, 2018.

OFFERING SUMMARY

The following material is intended to summarize information contained elsewhere in this Private Offering Memorandum (the "Memorandum"). This summary is qualified in its entirety by express reference to this Memorandum and the materials referred to and contained herein.

Each prospective subscriber should carefully review the entire Memorandum and all materials referred to herein and conduct his or her own due diligence before subscribing for Membership Units.

THE COMPANY

[redacted] LLC ("[redacted]", or the "Company"), began operations in February 2017 with the purpose of acquiring and developing the property known as [redacted] Townhomes located in [redacted]. The Company's legal structure was formed as a limited liability company (LLC) under the laws of the State of Delaware on March 28, 2018.

Its principal offices are presently located at [redacted], [redacted], [redacted], [redacted]. The Company's telephone number is [redacted]. The Manager of the Company is [redacted] LLC and the primary individual involved in management is [redacted]

BENEFITS OF LLC MEMBERSHIP

The limited liability company (LLC) is a relatively new form of doing business in the United States (in 1988 all 50 states enacted LLC laws).

The LLC is a hybrid that combines the characteristics of a corporate structure and a partnership structure. It is a separate legal entity like a corporation but it has entitlement to be treated as a partnership for tax purposes and therefore carries with it certain tax benefits for the investors.

The owners and investors are called members and can be virtually any entity including individuals (domestic or foreign), corporations, other LLCs, trusts, pension plans etc. Unlike corporate stocks and shares, members purchase Membership Units. Typically, Members who hold the majority of the voting class membership units, or the designated Manager, maintain control over management of the LLC as specified in the LLC operating agreement.

The primary advantage of an LLC is limiting the liability of its members. Unless personally guaranteed, members are not personally liable for the debts and obligations of the LLC. Additionally, "pass-through" or "flow-through" taxation is available, meaning that (generally speaking) the earnings of an LLC are not subject to double taxation unlike that of a "standard" corporation. However, they are treated like the earnings from partnerships, sole proprietorships and S corporations with an added benefit for all of its members. There is greater flexibility in structuring the LLC than is ordinarily the case with a corporation, including the ability to divide ownership and voting rights in unconventional ways while still enjoying the benefits of "pass-through" taxation.

FORWARD BUSINESS PLANS

Portions of the [redacted] LLC forward business plans, as disclosed in this Memorandum, were prepared by the Company using assumptions, including several forward looking statements. Each prospective investor should carefully review this Memorandum and all related exhibits before purchasing Units. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

THE OFFERING

The Company is offering a minimum of 4,000 and a maximum of 4,250 Class A Membership Units at a price of $1,000 per Unit. Upon completion of the Offering between 4,000 and 4,250 Class A Membership Units will be issued.

Distributions of Net Operating Cash Flow, if any, shall be distributed within forty-five (45) days after the end of each Fiscal Quarter. All distributions of Net Operating Cash Flow shall be distributed as follows: (1) first, to the Class A Members and Class B Members, pro rata based upon each Member's relative percentage interest until each Class A Member has received such Member's respective Preferred Return; and (2) thereafter, then seventy percent (70%) to the Class A Members as a group), pro rata based upon each Member's relative Membership Interest, and thirty percent (30%) to the Class B Member. However, in the event that the combination of the Distributions of Net Operating Cash Flow and the Preferred Return to the Class A Members exceed an Internal Rate of Return of 17% (as calculated on a quarterly basis), then any remaining distributions will be fifty percent (50%) to the Class A Members, as a group, pro rata based on upon each Member's relative Membership Interest, and fifty percent (50%) to the Class B Member.

Distributions of all or any portion of Net Capital Event Proceeds shall be made within forty-five (45) days after the end of a Fiscal Quarter. All distributions of Net Capital Event Proceeds shall be distributed as follows: (1) first, to the Class A Members, pro rata based upon each such Member's respective unpaid Preferred Return, until such Preferred Return has been paid; (2) second, to the Members to the extent and in proportion with their Invested Capital Contributions until the aggregate amount distributed to such Members in accordance with Section 10.2 of the Operating Agreement (2) is sufficient to provide for a return of such Members' Invested Capital Contributions by the Company; and (3) thereafter, seventy percent (70%) to the Class A Members, as a group, pro rata based upon each Member's relative Membership Interest, and thirty percent (30%) to the Class B Member. However, not withstanding the foregoing, if the combination of the Distributions of Net Operating Cash Flow, Distributions of Net Capital Event Proceeds, and Preferred Return exceed an Internal Rate of Return of seventeen percent (17%) to the Class A Members (as calculated on a quarterly basis), then any remaining distributions will be fifty percent (50%) to the Class A Members, as a group, pro rata based on upon each Member's relative Membership Interest, and fifty percent (50%) to the Class B Member.

Each purchaser must execute a Subscription Agreement making certain representations and warranties to the Company, including such purchaser's qualifications as an Accredited Investor. See "REQUIREMENTS FOR PURCHASERS" section.

PROCEEDS

Proceeds from the sale of Units will be used for: real estate purchases, rehab and Cap X expenditures, working capital, and closing costs. See "USE OF PROCEEDS" section.

MINIMUM OFFERING PROCEEDS; ESCROW OF SUBSCRIPTION FUNDS

The Company has set a minimum offering proceeds figure of $4,000,000 (the "minimum offering proceeds") for this Offering. The Company has established a segregated Company managed bank account with Bank of America, into which the minimum offering proceeds will be placed. At least 4,000 Units must be sold for $4,000,000 before such proceeds will be released from the escrow account and utilized by the Company.

REGISTRAR

The Company will serve as its own registrar and transfer agent with respect to its Membership Units.

MEMBERSHIP UNITS

Upon the sale of the maximum number of Units from this Offering, the percentage of issued Membership Units and class of Units of will be held as follows:

New Members	100% (Class A Units)

SUBSCRIPTION PERIOD

The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) October 27, 2018, or such date as may be extended from time to time by the Company, but not later than 180 days thereafter (the "Offering Period".)

CERTAIN NOTICES

FOR RESIDENTS OF ALL STATES:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT"), OR THE SECURITIES LAWS OF CERTAIN STATES ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS OF SAID ACT AND SUCH LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS OFFERING IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MIGHT BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. AN INVESTOR MUST REPRESENT THAT THE SECURITIES ARE BEING ACQUIRED FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO OR PRESENT INTENTION OF DISTRIBUTION.

THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. IN ADDITION, THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE OFFEREE NAMED.

EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE OF THE MEMORANDUM AND NEITHER THE DELIVERY HEREOF NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE CONDITION OF THE COMPANY SINCE THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR PROVIDE ANY INFORMATION OTHER THAN THAT CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM AND ACTUAL DOCUMENTS (SUMMARIZED HEREIN), WHICH ARE FURNISHED UPON REQUEST TO AN OFFEREE, OR HIS REPRESENTATIVE MAY BE RELIED UPON IN CONNECTION WITH THIS OFFERING. PROSPECTIVE PURCHASERS OF THE SECURITIES ARE NOT TO CONSTRUE THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM AS LEGAL OR TAX ADVICE.

EACH PROSPECTIVE PURCHASER SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX, AND RELATED MATTERS CONCERNING HIS INVESTMENT. THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED FROM DATA SUPPLIED BY SOURCES DEEMED RELIABLE AND DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR KNOWINGLY CONTAIN ANY UNTRUE STATEMENT OF ANY MATERIAL FACT. IT CONTAINS A SUMMARY OF THE MATERIAL PROVISIONS OF DOCUMENTS REFERRED TO HEREIN. STATEMENTS MADE WITH RESPECT TO THE PROVISIONS OF SUCH DOCUMENTS ARE NOT NECESSARILY COMPLETE AND REFERENCE IS MADE TO THE ACTUAL DOCUMENTS FOR COMPLETE INFORMATION AS TO THE RIGHTS AND OBLIGATIONS THERETO.

DISCLOSURES

THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE UNITS WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE UNITS IS BEING UNDERTAKEN PURSUANT TO RULE 506(c) OF REGULATION D UNDER THE SECURITIES ACT.

ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE UNITS, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE FEDERAL OR STATE SECURITIES LAWS (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY OR ON BEHALF OF THE COMPANY. DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE PROSPECTIVE INVESTOR TO WHOM THIS MEMORANDUM IS DELIVERED BY THE COMPANY AND THOSE PERSONS RETAINED TO ADVISE THEM WITH RESPECT THERETO IS UNAUTHORIZED.

ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF THE CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS STRICTLY PROHIBITED. EACH PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN IT AND ALL OTHER DOCUMENTS RECEIVED BY THEM TO THE COMPANY IF THE PROSPECTIVE INVESTOR'S SUBSCRIPTION IS NOT ACCEPTED OR IF THE OFFERING IS TERMINATED.

NASAA LEGEND

NASAA LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES MAY BE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER FEDERAL AND STATE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO NON-UNITED STATES RESIDENTS

IT IS THE RESPONSIBILITY OF ANY ENTITIES WISHING TO PURCHASE THE UNITS TO SATISFY THEMSELVES AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

BY ACCEPTANCE OF THIS MEMORANDUM, PROSPECTIVE INVESTORS RECOGNIZE AND ACCEPT THE NEED TO CONDUCT THEIR OWN THOROUGH INVESTIGATION AND DUE DILIGENCE BEFORE CONSIDERING A PURCHASE OF THE UNITS. THE CONTENTS OF THIS MEMORANDUM SHOULD NOT BE CONSIDERED TO BE INVESTMENT, TAX, OR LEGAL ADVICE AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH THEIR OWN COUNSEL AND ADVISORS AS TO ALL MATTERS CONCERNING AN INVESTMENT IN THIS OFFERING.

PATRIOT ACT RIDER

THE INVESTOR HEREBY REPRESENTS AND WARRANTS THAT THE INVESTOR IS NOT, NOR IS IT ACTING AS AN AGENT, REPRESENTATIVE, INTERMEDIARY OR NOMINEE FOR, A PERSON IDENTIFIED ON THE LIST OF BLOCKED PERSONS MAINTAINED BY THE OFFICE OF FOREIGN ASSETS CONTROL, U.S. DEPARTMENT OF TREASURY. IN ADDITION, THE INVESTOR HAS COMPLIED WITH ALL APPLICABLE U.S. LAWS, REGULATIONS, DIRECTIVES, AND EXECUTIVE ORDERS RELATING TO ANTI-MONEY LAUNDERING, INCLUDING BUT NOT LIMITED TO THE FOLLOWING LAWS:

(1) THE UNITING AND STRENGTHENING AMERICA BY PROVIDING APPROPRIATE TOOLS REQUIRED TO INTERCEPT AND OBSTRUCT TERRORISM ACT OF 2001, PUBLIC LAW 107-56, AND (2) EXECUTIVE ORDER 13224 (BLOCKING PROPERTY AND PROHIBITING TRANSACTIONS WITH PERSONS WHO COMMIT, THREATEN TO COMMIT, OR SUPPORT TERRORISM) OF SEPTEMBER 11, 2001.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM.

IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS MEMORANDUM, PLEASE WRITE OR CALL THE COMPANY AT THE ADDRESS AND PHONE NUMBER LISTED IN THIS PRIVATE OFFERING MEMORANDUM.

THE MANAGEMENT OF THE COMPANY HAS PROVIDED ALL OF THE INFORMATION STATED HEREIN.

THE COMPANY MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE COMPLETENESS OF THIS INFORMATION OR, IN THE CASE OF PROJECTIONS, ESTIMATES, FUTURE PLANS, OR FORWARD LOOKING ASSUMPTIONS OR STATEMENTS, AS TO THEIR ATTAINABILITY OR THE ACCURACY AND COMPLETENESS OF THE ASSUMPTIONS FROM WHICH THEY ARE DERIVED, AND IT IS EXPECTED THAT EACH PROSPECTIVE INVESTOR WILL PURSUE HIS, HER, OR ITS OWN INDEPENDENT INVESTIGATION.

IT MUST BE RECOGNIZED THAT ESTIMATES OF THE COMPANY'S PERFORMANCE ARE NECESSARILY SUBJECT TO A HIGH DEGREE OF UNCERTAINTY AND MAY VARY MATERIALLY FROM ACTUAL RESULTS.

PRELIMINARY RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN THIS INVESTMENT.

IN DOING SO, YOU SHOULD BE AWARE THAT AN INVESTMENT WITH OUR COMPANY MAY BE VOLATILE AND LOSSES FROM ITS BUSINESS ACTIVITIES MAY REDUCE THE NET ASSET VALUE OF THE COMPANY AND CONSEQUENTLY THE COMPANY'S ABILITY TO REPAY PRINCIPAL CAPITAL INVESTMENT.

INVESTORS MAY LOSE ALL OR PART OF THEIR INVESTMENT. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT THE COMPANY'S ABILITY TO REDEEM YOUR UNITS.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMPANY. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN AN INVESTMENT IN THIS COMPANY, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DISCUSSION OF POTENTIAL RISKS RELATED TO THIS INVESTMENT.

PLAN OF OPERATIONS

[redacted]

[redacted] LLC ("[redacted]" or the "Company") was formed for the purpose of providing certain individuals access to a professionally managed real estate investment. The Company was organized to acquire and manage the property currently known as [redacted] Townhomes located in [redacted] (the "Property"). The Company is managed by [redacted] LLC ("[redacted]" or the "Manager"), a Florida company that specializes in real estate asset acquisition and management.

The Property is a friendly and comfortable townhome community located in the middle of an A-class area. The demand for rental townhomes is high, with very limited availability.

This property provides investors the opportunity to be a part of a well maintained multi-family property with a history of strong cash flow. The current market conditions favor growth and a need for A-class housing. [redacted] plans on capitalizing on the positive market trend by

1. Increasing rent to reflect market value
2. Establish professional management
3. Making improvements that will substantially increase income and add value over the holding period.

Currently rents at [redacted] average $995/month, competition charges over $150 more for similar looking units. Raising rents to market value will increase the value of the complex by 20% without any CAPEX.

Market rent levels of $1200 are approximately 15% of the median household income for the area. Most financial analysts allow 33% to be financially stable. Household income can drop more than 50% and [redacted] is still considered affordable, making this property almost recession proof.

[redacted] has a waiting list for "B" townhomes and there are very few "A" townhomes even available. This is a great opportunity to reposition [redacted].

With professional management, select interior upgrades, and more aggressive marketing, A-class rent is achievable.

EXISTING	PLANNED
BELOW MARKET RENT	**INCREASE RENT TO MARKET**
The current rent is \$950/2BR and \$1025/3BR. Local competitors are charging \$150-\$200 more per similar unit.	Market rent without capital improvements is \$1100/2BR and \$1300/3BR. Additional improvements to the property will make these townhomes even more desirable.
SELF-MANAGED	**PROFESSIONAL MANAGEMENT**
[redacted] has been a family business since 2000. In-house management has done a good job maintaining the complex but has done very little marketing.	We have identified a Third Party manager who we feel will maintain the strong operational excellence while drastically increasing the marketing reach for the property.
B CLASS	**A CLASS**
The interiors are the same as they were in 2000 (but looks like 90s). This needs updating. Same with signage and name.	There is a high demand for updated interiors and townhome style living. We will bring needed renovations to reposition this as the choice for higher-end townhome living. Rebranding to "[redacted]"

COMMUNITY FEATURES

- Assigned Parking
- 2 Beautiful Ponds
- 24-HR, On-Call
- Maintenance
- Playground
- On-site Mgt. Office
- Half-Basketball Court

UNIT FEATURES

- Front Porch
- Private Rear Patio
- Large Eat-In Kitchens
- Crown-molding Cabinetry
- Electric Appliances
- Storage Space
- Walk-in Closets
- Jacuzzi Bathtubs
- Cathedral Ceilings
- Skylights

[redacted] SUBMARKET

Regional Accessibility

- [redacted] Mall - 2 miles
- [redacted] Air Force Base - 6 miles
- [redacted] State University - 3 miles
- [redacted] State Community College - 1 mile

- [redacted] Center - 3 miles
- [redacted] Performing Arts Center – 9 miles
- [redacted] Shopping Complex featuring upscale shopping and dining- 6 miles
- [redacted] - 2 miles
- [redacted] - 5 miles
- [redacted] - 12 miles
- [redacted] International Airport - 20 miles

Demographics

- 1 Mile Radius -Employment Density -"Above Average" (Experian)
- 21.6% population growth since 2000 with additional projected 3.5% growth in 2017 (clrsearch.com)
- The median household income in 2016 was $84,180 (city-data.com) and has increased by 28% since 2010 (usa.com).
- Median home value in 2016 was $183K, a 27% increase since 2000. Mean prices for townhomes in 2016 was $155K. (city-data.com)
- The "working population" (those adults with employment) of [redacted] grew 1.9%from 2014 to 2015. (datausa.io)
- 46% of the [redacted] population have a Bachelor's degree or higher (clrsearch.com)
- The current (year-to-date monthly average, 2017) unemployment in [redacted] is 3.2%. (bestplaces.net)
- Current employment is spread over 18 different industries with 80% of jobs still spread over 17 industries. Jobs are expected to grow by 39% over the next 10 years (bestplaces.net)
- Wage growth has had a 5 year historical growth of 11% (datausa.io)


[redacted] AFB
[redacted] State University
[redacted] Center
THE HOME DEPOT
[redacted] Medical Center
Sam's CLUB
Walmart Supercenter
LOWE'S
[redacted] Commons Mall
REGAL CINEMAS
[redacted] Townhomes
TARGET

RENT COMPARABLES

2BR	PROPERTY	YEAR BUILT	# OF UNITS	DISTANCE	UNIT SIZE	RENT	RENT PSF	LEASED
	[redacted]	1989	208	0.9 mi	928	$970	$1.05	99%
	[redacted]	2008	238	1.0 mi	1149	$1,302	$1.13	95%
	[redacted]	1992	264	1.5 mi	1000	$1,055	$1.06	93%
	[redacted]	2010	325	0.8 mi	1226	$1,414	$1.15	90%
	[redacted]	2002	221	2.6 mi	1164	$1,274	$1.09	98%
	[redacted]	1999	178	1.0 mi	900	$974	$1.08	82%
	AVERAGE	2000			1109	$1,165	$1.09	93%
	[redacted]	2000		CURRENT	1127	$947	$0.84	95%
		2000		MARKET	1127	$1,233	$1.09	95%

3BR	PROPERTY	YEAR BUILT	# OF UNITS	DISTANCE	UNIT SIZE	RENT	RENT PSF	LEASED
	[redacted]	1999	62	1.0mi	1600	$1,509	$0.94	82%
	[redacted]	1991	36	1.5 mi	1428	$1,400	$0.98	93%
	[redacted]	1999	79	2.3 mi	1478	$1,345	$0.91	98%
	[redacted]	2001	95	2.6 mi	1551	$1,514	$0.98	98%
	[redacted]	2002	32	4.6 mi	1198	$1,230	$1.03	96%
	AVERAGE	1998			1414	$1,385	$0.97	96%
	[redacted]	2000		CURRENT	1360	$1,050	$0.75	95%
		2000		MARKET	1360	$1,315	$0.97	95%

5 Year Projected P & L

Revenue		Year 1	Year 2	Year 3	Year 4	Year 5
	2 Bed / 2 Bath	$430,056	$485,100	$514,800	$530,244	$546,151
	3 Bed / 2 Bath	$955,944	$1,081,200	$1,142,400	$1,176,672	$1,211,972
Gross Potential Rent		$1,386,000	$1,566,300	$1,657,200	$1,706,916	$1,758,123
Vacancy/Collection Loss		15.00%	15.00%	8.00%	8.00%	8.00%
Total Revenue		$1,178,100	$1,331,355	$1,524,624	$1,570,363	$1,617,474
Expenses						
Advertising		$15,000	$15,000	$15,450	$15,913	$16,390
Admin Expense		$5,000	$5,000	$5,150	$5,304	$5,463
Payroll		$150,000	$150,000	$100,000	$103,000	$106,090
Insurance		$28,000	$28,000	$28,840	$29,705	$30,596
Pest Control		$1,000	$1,000	$1,030	$1,060	$1,092
Landscaping		$20,000	$20,000	$20,600	$21,218	$21,854
Trash Removal		$11,000	$11,000	$11,330	$11,669	$12,020
R&M		$70,700	$70,700	$72,821	$75,005	$77,255
Make Ready		$35,350	$35,350	$36,410	$37,502	$38,627
Snow Removal		$4,000	$4,000	$4,120	$4,243	$4,370
Taxes		$135,000	$145,000	$185,000	$190,550	$196,267
Utilities*		$10,000	$10,000	$10,300	$10,609	$10,927
Management Fees (3rd Party)		$47,124	$53,254	$60,985	$62,815	$64,699
CAPEX Reserve		$65,650	$65,650	$65,650	$65,650	$65,650
Total Expenses		$597,824	$613,954	$617,686	$634,248	$651,305
Net Operating Income		**$580,276**	**$717,401**	**$906,938**	**$936,115**	**$966,168**
Debt Service		**$371,963**	**$371,963**	**$371,963**	**$487,621**	**$615,635**
Cash Available for Distribution		**$208,313**	**$345,438**	**$534,975**	**$448,494**	**$350,533**

*Utilities are fully sub-metered throughout

PRO FORMA ASSUMPTIONS

Income

Gross Scheduled Rent: Based on occupied units at leased rent and vacant units at market rent from the most recent roll. Average turn is 4-5 units per month. We are allowing 3 years to bring rents up to market across the entire complex. Afterwards we assumed annual 3% increases.

Economic Loss

Loss-to-Lease: Represents the difference between market and contract/actual rents. Year 1 Loss-to-Lease is projected at 2.0%.

Vacancy: Pro forma vacancy loss is projected at 12% based on the historical performance of the property. Average historical vacancy in the immediate area is closer to 5% and we believe this is achievable with pro-active management and better marketing.

Collection Loss: Collection loss is projected at 1%, based on the historical performance of the property and market comparables.

EXPENSES

Advertising: Includes advertising, leasing costs, resident retention and other marketing expenses. Based on our analysis, current owner is overpaying and getting little result. We believe we will get better results on less dollars based on a more aggressive leasing strategy rather than just waiting for the phone to ring.

Administrative: Includes computer maintenance & supplies, evictions, telephone, answering service, website & support, office equipment, training & travel, and other office expenses. Pro forma expense of $5,000 per unit is based on the historical average.

Payroll: Year 1 & 2 payroll is $50K higher than stabilized due to added labor for CAPEX renovations. Stabilized expense is projected at $990 per unit and has been increased over historical average to allow for (1) full time leasing agent, (1) full time maintenance and (1) part-time maintenance.

Insurance: While we believe there may be room for insurance savings, we decided to use a rough quote number received during due diligence.

Pest Control: Pro forma expense of $1,000 is based on our prior experience and not the historical performance of the property.

Landscaping: Pro forma expense of $20,000 is based on the historical performance of the property.

Trash: Pro forma expense of $11,000 is based on the historical performance of the property.

Repairs & Maintenance: Includes expenses associated with the repairs and maintenance of the interior and exterior of the property and projected at $700 per unit based on the historical performance of the property.

Make Ready: Includes the expenses associated with making a vacant unit ready for the next move-in and is projected at $350 per unit, in-line with historical performance.

Snow Removal: While this number can vary widely based on weather conditions, there is a flat fee per plow contract in place and we took the average of the past few years to project $4,000.

Taxes: The amount represented is based on a continuation of the existing real estate tax rate. Real estate taxes are re-assessed every three years and the next re-assessment is in 2020, with payment in 2021. The re-assessed value is based on information we received from a local tax appraiser.

Utilities: Includes electricity for vacant units and common areas, gas, water and sewer. Pro forma expense is based on a 54% increase over the trailing 12 months' expense due to increased usage during renovations.

Management Fee: Management fee is projected at 4%of the Effective Gross Income based on discussions with a local 3rd party property manager, Simply Management.

Capital Reserves: Capital reserves are projected at $650 per unit. While this is on the high end of the usual range, we would rather be more conservative in this estimate.

FEES. We like to keep it simple. Projected returns already factor in our fees. We charge a one-time 3% acquisition fee and a quarterly 2% asset management fee (based on revenue collected). Our deals have no construction management fees, no disposition fees, no refinance fees, and no loan guarantee fees.

LLC

5 YEAR PROJECTED RETURNS

	1	2	3	4	5 (Sale*)	Return $	Return %
Investment Account Balance	$100,000	$100,000	$100,000	$64,839	$64,839		
Property Distributions	$4,300	$7,500	$11,100	$8,235	$6,614	$37,749	
Cash on Cash Returns	4.3%	7.5%	11.1%	12.7%	10.2%		
Net Proceeds/Profits from Sale					$52,250	$52,250	
Return of Initial Investment (Refi)			$35,161		$64,839		
Ending Investment Account Balance	$100,000	$100,000	$64,839	$64,839	$0		
Total Return on Investment	$4,300	$7,500	$11,100	$8,235	$58,864	$89,999	90%
						Average Annual Return	18%
						Equity Multiple	1.9
						IRR	17%
						Average Cash on Cash Return	9%

*We anticipate a long-term hold (10+ years) but are using a 5-year sale for example purposes. Hold period depends on the market and the final decision about when to sell will be reviewed on a yearly basis in consideration of market and property performance. 10-year hold returns 11% average COC. Returns in excess of 17% IRR will be split 50/50. Distributions will be paid quarterly.


RUUD

OWNERSHIP

The following table contains certain information as of April 27, 2018 as to the number of units beneficially owned by (i) each person known by the Company to own beneficially more than 5% of the Company's units, (ii) each person who is a Managing Member of the Company, (iii) all persons as a group who are Managing Members and/or Officers of the Company, and as to the percentage of the outstanding units held by them on such dates and as adjusted to give effect to this Offering. There are no Membership Unit option agreements in place as of the date of this Offering.

Name	Position / Class	Current % of Class	Post Offering Max % of Class
[redacted] LLC	Class B Member	100%	100%
Investors	Member / Class A	0%	100%

LITIGATION

The Company is not presently a party to any material litigation, nor to the knowledge of Management is any litigation threatened against the Company, which may materially affect the business of the Company or its assets.

DESCRIPTION OF UNITS

The Company is offering a minimum of 4,000 and a maximum of 4,250 Class A Membership Units at a price of $1,000 per Unit. Upon completion of the Offering between 4,000 and 4,250 Class A Membership Units will be issued.

Distributions of Net Operating Cash Flow, if any, shall be distributed within forty-five (45) days after the end of each Fiscal Quarter. All distributions of Net Operating Cash Flow shall be distributed as follows: (1) first, to the Class A Members and Class B Members, pro rata based upon each Member's relative percentage interest until each Class A Member has received such Member's respective Preferred Return; and (2) thereafter, then seventy percent (70%) to the Class A Members as a group), pro rata based upon each Member's relative Membership Interest, and thirty percent (30%) to the Class B Member. However, in the event that the combination of the Distributions of Net Operating Cash Flow and the Preferred Return to the Class A Members exceed an Internal Rate of Return of 17% (as calculated on a quarterly basis), then any remaining distributions will be fifty percent (50%) to the Class A Members, as a group, pro rata based on upon each Member's relative Membership Interest, and fifty percent (50%) to the Class B Member.

Distributions of all or any portion of Net Capital Event Proceeds shall be made within forty-five (45) days after the end of a Fiscal Quarter. All distributions of Net Capital Event Proceeds shall be distributed as follows: (1) first, to the Class A Members, pro rata based upon each such Member's respective unpaid Preferred Return, until such Preferred Return has been paid; (2) second, to the Members to the extent and in proportion with their Invested Capital Contributions until the aggregate amount distributed to such Members in accordance with Section 10.2 of the Operating Agreement (2) is sufficient to provide for a return of such Members' Invested Capital Contributions by the Company; and (3) thereafter, seventy percent (70%) to the Class A Members, as a group, pro rata based upon each Member's relative Membership Interest, and thirty percent (30%) to the Class B Member. However, not withstanding the foregoing, if the combination of the Distributions of Net Operating Cash Flow, Distributions of Net Capital Event Proceeds, and Preferred Return exceed an Internal Rate of Return of seventeen percent (17%) to the Class A Members (as calculated on a quarterly basis), then any remaining distributions will be fifty percent (50%) to the Class A Members, as a group, pro rata based on upon each Member's relative Membership Interest, and fifty percent (50%) to the Class B Member.

Each purchaser must execute a Subscription Agreement making certain representations and warranties to the Company, including such purchaser's qualifications as an Accredited Investor. See "REQUIREMENTS FOR PURCHASERS" section.

MANAGEMENT COMPENSATION

There is no accrued compensation that is due any member of Management. Each Manager will be entitled to reimbursement of expenses incurred while conducting Company business. Each Manager may also be a member in the Company and as such will share in the profits of the Company when and if revenues are disbursed.

Manager Entity:

As more particularly set forth in Subsections 5.10.1 to 5.10.2 of the Operating Agreemnt, the Manager shall be entitled to receive compensation as follows:

(i) an amount equal to three percent (3%) of the original acquisition cost of all property acquired by the Company, payable within thirty (30) days of each acquisition;; (ii) an asset management fee in amount equal to two percent (2%) per annum of the gross rents collected, payable quarterly on the first day of each calendar quarter; as more particularly set forth in the Operating Agreement.

Within thirty (30) Days of acquisition of the Property, the Company shall pay the Manager an acquisition fee equal to three percent (3%) of the total capitalized costs incurred by the Company in acquiring such Property, for its services in connection with the selection, evaluation, structure and purchase of the Property (the "Acquisition Fee").

Asset Management Fee. On a calendar quarter basis, the Company shall pay the Manager or its Affiliates an annual Asset Management Fee equal to two percent (2%) percentage of the gross rent collected for its services in overseeing the Property (the "Asset Management Fee");

BOARD OF ADVISORS

The Company has established a Board of Advisors, which includes highly qualified business and industry professionals. The Board of Advisors will assist the Management team in making appropriate decisions and taking effective action; however, the Board of Advisors will not be responsible for Management decisions and has no legal or fiduciary responsibility to the Company. Currently there are two members of the Board of Advisors:

[redacted]

Mr. [redacted] is an experienced private equity investor, entrepreneur and Fortune 500 executive. As an active investor, he noticed a gap in the real estate syndication market – deal sponsors who think like investors and put the investors' interests first. Adding Property Management experience to the mix, [redacted], LLC was formed to address this gap for fellow investors.

Mr. [redacted] is a value-investor whose real estate portfolio includes investments in large multi-family (apartment) complexes (currently 1,317 units), industrial/flex space, commercial and residential developments. He is also a private lender.

Mr. [redacted] is a partner in the [redacted] based in the greater [redacted] region, where he conducts due diligence on companies, negotiates terms, provides capital, collaborates on growth strategy and offers ongoing support & guidance to portfolio companies, leading to successful exits.

Mr. [redacted]'s 20+ year professional career includes leadership roles at [redacted], [redacted], [redacted] and [redacted] He also founded and exited several successful technology companies and frequently serves on boards of companies and non-profits.

When he is not actively seeking the next investment opportunity, you can find him helping other investors and syndicators on BiggerPockets.com . Mr. [redacted] enjoys flying planes, travel, good food and fine wine. He is a national council member of the [redacted], the world's oldest gourmet society founded in 1248 in France.

[redacted]

Mr. [redacted] has been a Deal Sponsor/Syndicator since 2015. [redacted] syndicates large Multifamily Apartment properties by raising money from accredited private investors. He looks for value add Apartments at deep discounts, rehabs, manages, and serves back to the public as improved apartment communities. He currently owns 346 units and is under contract to close on an additional 300+ units in the next quarter.

He enjoys the fun of finding great deals and turning them into valuable investments. His strict underwriting criteria in selecting investments has made him very successful by producing above average ROIs. He utilizes creative methods and works hard in finding great investment deals that are not available to the general commercial marketplace. He believes there are huge opportunities that exist in the real estate industry at all times.

[redacted]

INVESTOR SUITABILITY STANDARDS

Prospective purchasers of the Units offered by this Memorandum should give careful consideration to certain risk factors described under "RISK FACTORS" section and especially to the speculative nature of this investment and the limitations described under that caption with respect to the lack of a readily available market for the Units and the resulting long term nature of any investment in the Company. This Offering is available only to suitable Accredited Investors having adequate means to assume such risks and of otherwise providing for their current needs and contingencies.

GENERAL

The Units will not be sold to any person unless such prospective purchaser or his or her duly authorized representative shall have represented in writing to the Company in a Subscription Agreement that:

• The prospective purchaser has adequate means of providing for his or her current needs and personal contingencies and has no need for liquidity in the investment of the Units;

• The prospective purchaser's overall commitment to investments which are not readily marketable is not disproportionate to his, her, or its net worth and the investment in the Units will not cause such overall commitment to become excessive; and

• The prospective purchaser is an "Accredited Investor" (as defined on the next page) suitable for purchase in the Units.

Each person acquiring Units will be required to represent that he, she, or it is purchasing the Units for his, her, or its own account for investment purposes and not with a view to resale or distribution.

ACCREDITED INVESTORS

The Company will conduct the Offering in such a manner that Units may be sold only to "Accredited Investors" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933 (the "Securities Act"). In summary, a prospective investor will qualify as an "Accredited Investor" if he, she, or it meets any one of the following criteria:

- Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase, exceeds $1,000,000.

Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:
(i) The person's primary residence shall not be included as an asset;

(ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

- Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year;

Any 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 Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); any insurance company as defined in Section 2(13) of the Exchange Act; any 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; any Small Business Investment Company (SBIC) licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any 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; any 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 advisor, 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 who are Accredited Investors;

- Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;

- Any organization described in Section 501(c)(3)(d) of the Internal Revenue Code, corporation, business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

- Any director or executive officer, or general partner of the issuer of the securities being sold, or any director, executive officer, or general partner of a general partner of that issuer;

- Any 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 sophisticated person as described in Section 501(b)(2)(ii) of Regulation D adopted under the Act; and

- Any entity in which all the equity owners are Accredited Investors.

OTHER REQUIREMENTS

No subscription for the Units will be accepted from any investor unless he is acquiring the Units for his own account (or accounts as to which he has sole investment discretion), for investment and without any view to sale, distribution or disposition thereof.

Each prospective purchaser of Units may be required to furnish such information as the Company may require to determine whether any person or entity purchasing Units is an Accredited Investor.

FORWARD LOOKING INFORMATION

Some of the statements contained in this Memorandum, including information incorporated by reference, discuss future expectations, or state other forward looking information. Those statements are subject to known and unknown risks, uncertainties and other factors, several of which are beyond the Company's control, which could cause the actual results to differ materially from those contemplated by the statements.

The forward looking information is based on various factors and was derived using numerous assumptions. In light of the risks, assumptions, and uncertainties involved, there can be no assurance that the forward looking information contained in this Memorandum will in fact transpire or prove to be accurate.

Important factors that may cause the actual results to differ from those expressed within may include, but are not limited to:

- The success or failure of the Company's efforts to successfully execute its real estate investment plan as scheduled;
- The Company's ability to attract a customer base for the real estate units acquired or developed;
- The Company's ability to attract and retain quality employees;
- The effect of changing economic conditions including the real estate market in the area of operation for the Company;
- The reliance of the Company on certain key members of management

These along with other risks, which are described under "RISK FACTORS" may be described in future communications to Members. The Company makes no representation and undertakes no obligation to update the forward looking information to reflect actual results or changes in assumptions or other factors that could affect those statements.


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WELCOME HOME

CERTAIN RISK FACTORS

[redacted] LLC commenced preliminary business development operations in February 2017 and is organized as a Limited Liability Company under the laws of the State of Delaware. Accordingly, the Company has only a limited history upon which an evaluation of its prospects and future performance can be made. The Company's proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the development of real estate, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Company could sustain losses in the future.

There can be no assurances that [redacted] LLC will operate profitably. An investment in our Units involves a number of risks. You should carefully consider the following risks and other information in this Memorandum before purchasing our Units. Without limiting the generality of the foregoing, Investors should consider, among other things, the following risk factors:

Inadequacy Of Funds:
Gross offering proceeds of a minimum of $4,000,000 and a maximum of $4,250,000 may be realized. Management believes that such proceeds will capitalize and sustain [redacted] sufficiently to allow for the implementation of the Company's Business Plans. If only a fraction of this Offering is sold, or if certain assumptions contained in Management's business plans prove to be incorrect, the Company may have inadequate funds to fully develop its business and may need debt financing or other capital investment to fully implement the Company's business plans.

Dependence On Management:
In the early stages of development the Company's business will be significantly dependent on the Company's management team. The Company's success will be particularly dependent upon [redacted] LLC. The loss of an individual could have a material adverse effect on the Company. See "MANAGEMENT" section.

Risks Associated With Expansion:
The Company plans on expanding its business through the acquisition and/or development of real estate. Any expansion of operations the Company may undertake will entail risks, such actions may involve specific operational activities which may

negatively impact the profitability of the Company. Consequently, the Members must assume the risk that (i) such expansion may ultimately involve expenditures of funds beyond the resources available to the Company at that time, and (ii) management of such expanded operations may divert Management's attention and resources away from its existing operations, all of which factors may have a material adverse effect on the Company's present and prospective business activities.

General Economic Conditions:
The financial success of the Company may be sensitive to adverse changes in general economic conditions in the United States, such as recession, inflation, unemployment, and interest rates. Such changing conditions could reduce demand in the marketplace for the Company's real estate assets. [redacted] LLC has no control over these changes.

Possible Fluctuations In Operating Results:
The Company's operating results may fluctuate significantly from period to period as a result of a variety of factors, including purchasing patterns of customers, competitive pricing, debt service and principal reduction payments, and general economic conditions. Consequently, the Company's revenues may vary by quarter, and the Company's operating results may experience fluctuations.

Risks Of Borrowing:
If the Company incurs indebtedness, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. Typical loan agreements also might contain restrictive covenants which may impair the Company's operating flexibility. Such loan agreements would also provide for default under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of owners of Membership Units of the Company. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition.

Unanticipated Obstacles To Execution Of The Business Plan:
The Company's business plans may change. Some of the Company's potential business endeavors are capital intensive and may be subject to statutory or regulatory requirements. Management believes that the Company's chosen activities and strategies are achievable in light of current economic and legal conditions with the skills, background, and knowledge of the Company's principals and advisors. Management reserves the right to make significant modifications to the Company's stated strategies depending on future events.

Management Discretion As To Use Of Proceeds:
The net proceeds from this Offering will be used for the purposes described under "Use of Proceeds." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated which it deems to be in the best interests of the Company and its Members in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of Management with respect to application and allocation of the net proceeds of this Offering. Investors for the Membership Units offered hereby

will be entrusting their funds to the Company's Management, upon whose judgment and discretion the investors must depend.

Control By Management:
As of April 27, 2018, the Company's Manager owned approximately 100% of the Company's issued Class B Voting Units. Upon completion of this Offering, the Company's Manager will continue to own approximately 100% of then issued and outstanding voting Class B Units, and will be able to continue to control [redacted].

Limited Transferability & Liquidity:
To satisfy the requirements of certain exemptions from registration under the Securities Act, and to conform with applicable state securities laws, each investor must acquire his Units for investment purposes only and not with a view towards distribution. Consequently, certain conditions of the Securities Act may need to be satisfied prior to any sale, transfer, or other disposition of the Units. Some of these conditions may include a minimum holding period, availability of certain reports, including financial statements from [redacted], limitations on the percentage of Units sold and the manner in which they are sold. [redacted] LLC can prohibit any sale, transfer or disposition unless it receives an opinion of counsel provided at the holder's expense, in a form satisfactory to [redacted] LLC, stating that the proposed sale, transfer or other disposition will not result in a violation of applicable federal or state securities laws and regulations. No public market exists for the Units and no market is expected to develop. Consequently, owners of the Units may have to hold their investment indefinitely and may not be able to liquidate their investments in [redacted] LLC or pledge them as collateral for a loan in the event of an emergency.

Broker - Dealer Sales Of Units:
The Company's Membership Units are not presently included for trading on any exchange, and there can be no assurances that the Company will ultimately be registered on any exchange. No assurance can be given that the Membership Units of the Company will ever qualify for inclusion on the NASDAQ System or any other trading market. As a result, the Company's Membership Units are covered by a Securities and Exchange Commission rule that opposes additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors. For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell the Company's securities and may also affect the ability of shareholders to sell their Units in the secondary market.

Long Term Nature Of Investment:
An investment in the Units may be long term and illiquid. As discussed above, the offer and sale of the Units will not be registered under the Securities Act or any foreign or state securities laws by reason of exemptions from such registration which depends in part on the investment intent of the investors. Prospective investors will be required to represent in writing that they are purchasing the Units for their own account for long-term investment and not with a view towards resale or distribution. Accordingly, purchasers of Units must be willing and able to bear the economic risk of their investment for an indefinite period of time. It is likely that investors will not be able to liquidate their investment in the event of an emergency.

No Current Market For Units:
There is no current market for the Units offered in this private Offering and no market is expected to develop in the near future.

Offering Price:
The price of the Units offered has been arbitrarily established by [redacted] LLC, considering such matters as the state of the Company's business development and the general condition of the industry in which it operates. The Offering price bears little relationship to the assets, net worth, or any other objective criteria of value applicable to [redacted] LLC.

Compliance With Securities Laws:
The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act, applicable Delaware Securities Laws, and other applicable state securities laws. If the sale of Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of Units. If a number of purchasers were to obtain rescission, [redacted] LLC would face significant financial demands which could adversely affect [redacted] LLC as a whole, as well as any non-rescinding purchasers.

Lack Of Firm Underwriter:
The Units are offered on a "best efforts" basis by the officers and directors of [redacted] LLC without compensation and on a "best efforts" basis through certain FINRA registered broker-dealers which enter into Participating Broker-Dealer Agreements with the Company. Accordingly, there is no assurance that the Company, or any FINRA broker-dealer, will sell the maximum Units offered or any lesser amount.

Projections: Forward Looking Information:
Management has prepared projections regarding [redacted] LLC's anticipated financial performance. The Company's projections are hypothetical and based upon factors influencing the business of [redacted] LLC. The projections are based on Management's best estimate of the probable results of operations of the Company, based on present circumstances, and have not been reviewed by [redacted]'s independent accountants. These projections are based on several assumptions, set forth therein, which Management believes are reasonable. Some assumptions upon which the projections are based, however, invariably will not materialize due the inevitable occurrence of unanticipated events and circumstances beyond Management's control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature.

In addition, projections do not and cannot take into account such factors as general economic conditions, unforeseen regulatory changes, the entry into the Company's market of additional competitors, the terms and conditions of future capitalization, and other risks inherent to the Company's business. While Management believes that the projections accurately reflect possible future results of [redacted] LLC's operations, those results cannot be guaranteed.

Our success will depend upon the development of real estate, and we may be unable to consummate acquisitions or dispositions on advantageous terms, the developed properties may not perform as we expect, or we may be

unable to efficiently integrate our project into our existing operations:

We intend to acquire and sell real estate assets. The acquisition of real estate entails various risks, including the risks that our real estate assets may not perform as we expect, that we may be unable to quickly and efficiently integrate assets into our existing operations and that our cost estimates for the development and/or sale of a property may prove inaccurate.

Reliance On Management To Select and Develop Appropriate Properties:

The Company's ability to achieve its investment objectives is dependent upon the performance of the Management team in the quality and timeliness of the Company's acquisition of real estate properties. Investors in the Units offered will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning the Company's investments. Investors in the Units must rely entirely on the management ability of and the oversight of the Company's principals.

Competition May Increase Costs:

The Company will experience competition from other sellers of real estate and other real estate projects. Competition may have the effect of increasing acquisition costs for the Company and deceasing the sales price or lease rates of developed assets.

Delays In Acquisition Of Properties:

Delays the Manager may encounter in the selection, acquisition and development of properties could adversely affect the profitability of the Company. The Company may experience delays in identifying properties that meet the Company's ideal purchase parameters.

Environmentally Hazardous Property:

Under various Federal, City and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require expenditures. Environmental laws provide for sanctions in the event of non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. In connection with the acquisition and ownership of its properties, the Company may be potentially liable for such costs. The cost of defending against claims of liability, complying with environmental regulatory requirements or remediation any contaminated property could materially adversely affect the business, assets or results of operations of the Company.

Management's Discretion In The Future Disposition Of Properties:

The Company cannot predict with any certainty the various market conditions affecting real estate investments which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future disposition of the Company's properties, the Company cannot assure you that it will be able to sell its properties at a profit in the future. Accordingly, the timing of liquidation of the Company's real estate investments will be dependent upon fluctuating market conditions.

Real estate investments are not as liquid as other types of

assets, which may reduce economic returns to investors:
Real estate investments are not as liquid as other types of investments, and this lack of liquidity may limit our ability to react promptly to changes in economic, financial, investment or other conditions. In addition, significant expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investments. Thus, our ability at any time to sell assets or contribute assets to property funds or other entities in which we have an ownership interest may be restricted. This lack of liquidity may limit our ability to vary our portfolio promptly in response to changes in economic financial, investment or other conditions and, as a result, could adversely affect our financial condition, results of operations, and cash flows.

We may be unable to sell a property if or when we decide to do so, including as a result of uncertain market conditions, which could adversely affect the return on an investment in our company:
Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers of the properties we acquire. We cannot predict the various market conditions affecting real estate investments which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future disposition of the properties we acquire, we cannot assure our Members that we will be able to sell such properties at a profit in the future. Accordingly, the extent to which our Members will receive cash distributions and realize potential appreciation on our real estate investments will be dependent upon fluctuating market conditions. Furthermore, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure our Members that we will have funds available to correct such defects or to make such improvements. In acquiring a property, we may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These provisions would restrict our ability to sell a property.

Illiquidity of real estate investments could significantly impede the company's ability to respond to adverse changes in the performance of the portfolio investments and harm the company's financial condition:
Since real estate investments are relatively illiquid, the Company's ability to promptly sell developed assets in response to changing economic, financial and investment conditions may be limited. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in local, regional national or international economic conditions, and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located. The Company may be unable to realize its investment objectives by sale, other disposition or refinance at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy.

The terms of new or renewal leases may result in a reduction in income:
Should the Company lease its real estate properties, the terms of any such new or renewal leases may be less favorable to the Company than the previous lease terms. Certain significant

expenditures that the Company, as a landlord, may be responsible for, such as mortgage payments, real estate taxes, utilities and maintenance costs generally are not reduced as a result of a reduction in rental revenues. If lease rates for new or renewal leases are substantially lower than those for the previous leases, Company's rental income might suffer a significant reduction that may limited. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in local, regional national or international economic conditions, and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located. The Company may be unable to realize its investment objectives by sale, other disposition or refinance at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy.

Property the Company acquires may have liabilities or other problems:

The Company intends to perform appropriate due diligence for each property or other real estate related investment it acquires. The Company also will seek to obtain appropriate representations and indemnities from sellers in respect of such properties or other investments. The Company may, nevertheless, acquire properties or other investments that are subject to uninsured liabilities or that otherwise have problems. In some instances, the Company may have only limited or perhaps even no recourse for any such liabilities or other problems or, if the Company has received indemnification from a seller, the resources of such seller may not be adequate to fulfill its indemnity obligation. As a result, the Company could be required to resolve or cure any such liability or other problems, and such payment could have an adverse effect on the Company's cash flow available to meet other expenses or to make distributions to Investor Members.

The Company's investments may be subject to risks from the use of borrowed funds:

The Company may acquire properties subject to existing financing or by borrowing funds. The Company may also incur or increase its indebtedness by obtaining loans secured by certain of its properties in order to use the proceeds for acquisition of additional properties. In general, for any particular property, the Company will expect that the property's cash flow will be sufficient to pay the cost of its mortgage indebtedness, in addition to the operating and related costs of the property. However, if there is insufficient cash flow from the property, the Company may be required to use funds from other sources to make the required debt service payments, which generally would reduce the amount available for distribution to Investor Members. The incurrence of mortgage indebtedness increases the risk of loss from the Company's investments since one or more defaults on mortgage loans secured by its properties could result in foreclosure of those mortgage loans by the lenders with a resulting loss of the Company's investment in the properties securing the loans. For tax purposes, a foreclosure of one of the Company's properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the indebtedness secured by the mortgage. If that outstanding balance exceeds the Company's tax basis in the property, the Company would recognize a taxable gain as a result of the foreclosure, but it would not receive any cash proceeds as a result of the transaction.

Mortgage loans or other financing arrangements with balloon payments in which all or a substantial portion of the original principal amount of the loan is due at maturity, may involve greater risk of loss than those financing arrangements in which the principal amount of the loan is amortized over its term.

At the time a balloon payment is due, the Company may or may not be able to obtain alternative financing on favorable terms, or at all, to make the balloon payment or to sell the property in order to make the balloon payment out of the sale proceeds. If interest rates are higher when the Company obtains replacement financing for its existing loans, the cash flows from its properties, as well as the amounts the Company may be able to distribute to Investor Members, could be reduced. If interest rates are higher when the Company obtains replacement financing for its existing loans, the cash flows from its properties, as well as the amounts the Company may be able to distribute to Investor Members, could be reduced. In some instances, the Company may only be able to obtain recourse financing, in which case, in addition to the property or other investment securing the loan, the lender may also seek to recover against the Company's other assets for repayment of the debt. Accordingly, if the Company does not repay a recourse loan from the sale or refinancing of the property or other investment securing the loan, the lender may seek to obtain repayment from one or more of such other assets.

Uninsured losses relating to real property may adversely affect an investor member's return:
The Managing Member will attempt to assure that all of the Company's properties are comprehensively insured (including liability, fire, and extended coverage) in amounts sufficient to permit replacement in the event of a total loss, subject to applicable deductibles. However, to the extent of any such deductible and/or in the event that any of the Company's properties incurs a casualty loss which is not fully covered by insurance, the value of the Company's assets will be reduced by any such loss. Also, certain types of losses, generally of a catastrophic nature, resulting from, among other things, earthquakes, floods, hurricanes or terrorist acts may not be insurable or even if they are, such losses may not be insurable on terms commercially reasonable to the Company. Further, the Company may not have a sufficient external source of funding to repair or reconstruct a damaged property; there can be no assurance that any such source of funding will be available to the Company for such purposes in the future.

Competition for investments may increase costs and reduce returns:
The Company will experience competition for real property investments from individuals, corporations and bank and insurance company investment accounts, as well as other real estate limited partnerships, real estate investment funds, commercial developers, pension plans, other institutional and foreign investors and other entities engaged in real estate investment activities. The Company will compete against other potential purchasers of properties of high quality commercial properties leased to credit-worthy tenants and residential properties and, as a result of the weakened U.S. economy, there is greater competition for the properties of the type in which the Company will invest. Some of these competing entities may have greater financial and other resources allowing them to compete more effectively. This competition may result in the Company paying higher prices to acquire properties than it otherwise would, or the Company may be unable to acquire properties that it believes meet its investment objectives and are otherwise desirable investments.

In addition, the Company's properties may be located close to properties that are owned by other real estate investors and that compete with the Company for tenants. These competing properties may be better located and more suitable for desirable tenants than the Company's properties, resulting in a competitive advantage for these other properties. The Company may face similar competition from other properties that may be developed in the future. This competition may limit the Company's ability to lease space, increase its costs of securing tenants, limit its ability to charge rents and/or require it to make capital improvements it otherwise might not make to its properties. As a result, the Company may suffer reduced cash flow with a decrease in distributions it may be able to make to Investor Members.

Environmental regulation and issues, certain of which the Company may have no control over, may adversely impact the Company's business:
Federal, state and local laws and regulations impose environmental controls, disclosure rules and zoning restrictions which directly impact the management, development, use, and/or sale of real estate. Such laws and regulations tend to discourage sales and leasing activities and mortgage lending with respect to some properties, and may therefore adversely affect the Company specifically, and the real estate industry in general. Failure by the Company to uncover and adequately protect against environmental issues in connection with a Portfolio Investment may subject the Company to liability as the buyer of such property or asset. Environmental laws and regulations impose liability on current or previous real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property.

The Company may be held liable for such costs as a subsequent owner and developer of such property. Liability can be imposed even if the original actions were legal and the Company had no knowledge of, or was not responsible for, the presence of the hazardous or toxic substances. The Company may also be held responsible for the entire payment of the liability if the Company is subject to joint and several liability and the other responsible parties are unable to pay. Further, the Company may be liable under common law to third parties for damages and injuries resulting from environmental contamination emanating from the site, including the presence of asbestos containing materials. Insurance for such matters may not be available.

Real estate may develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem:
When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing as exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold at any of our properties could require the Company to undertake a costly remediation program to contain or remove the mold from the affected property. In addition, the presence of significant mold could expose the Company to liability from its tenants, employees of such tenants and others if property damage or health concerns arise.

Terrorist Attacks Or Other Acts Of Violence Or War May Affect The Industry In Which The Company Operates, Its Operations & Its Profitability:

Terrorist attacks may harm the Company’s results of operations and an Investor Member’s investment. There can be no assurance that there will not be more terrorist attacks against the United States or U.S. businesses. These attacks or armed conflicts may directly or indirectly impact the value of the property the Company owns or that secure its loans. Losses resulting from these types of events may be uninsurable or not insurable to the full extent of the loss suffered. Moreover, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. They could also result in economic uncertainty in the United States or abroad. Adverse economic conditions resulting from terrorist activities could reduce demand for space in the Company’s properties due to the adverse effect on the economy and thereby reduce the value of the Company’s properties.

The Company will be subject to risks related to the geographic location of the property it develops:
The Company intends to develop and sell real estate assets. If the commercial or residential real estate markets or general economic conditions in this geographic area decline, the Company may experience a greater rate of default by tenants on their leases with respect to properties in these areas and the value of the properties in these areas could decline. Any of these events could materially adversely affect the Company’s business, financial condition or results of operations.

[redacted]

[redacted] LLC


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USE OF PROCEEDS

The Company seeks to raise minimum gross proceeds of $4,000,000 and maximum gross proceeds of $4,250,000 from the sale of Units in this Offering. The Company intends to apply these proceeds substantially as set forth herein, subject only to reallocation by Management in the best interests of the Company.

SALE OF EQUITY

CATEGORY	MAX. PROCEEDS	MIN. PROCEEDS
PROCEEDS FROM SALE OF UNITS	$4,250,000	$4,000,000

OFFERING EXPENSES & COMMISSIONS

CATEGORY	MAX. PROCEEDS	MIN. PROCEEDS
SYNDICATION EXPENSES (1)	$0	$0
BROKERAGE COMMISSIONS (2)	$0	$0
TOTAL OFFERING FEES	$0	$0

CORPORATE APPLICATION OF PROCEEDS

CATEGORY	MAX. PROCEEDS	MIN. PROCEEDS
REAL ESTATE ACQUISITION	$2,725,000	$2,725,000
REAL ESTATE REHAB COSTS	$709,020	$709,020
ASSET UNDERWRITING / CLOSING COSTS	$560,863	$560,863
WORKING CAPITAL	$255,117	$5,117
TOTAL CORPORATE USE	$4,250,000	$4,000,000

TOTAL USE OF PROCEEDS

CATEGORY	MAX. PROCEEDS	MIN. PROCEEDS
OFFERING EXPENSES & COMMISSIONS	$0	$0
CORPORATE APPLICATION OF PROCEEDS	$4,250,000	$4,000,000
TOTAL PROCEEDS	$4,250,000	$4,000,000

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering.

(2) This Offering is being sold by the Managers of the Company. No compensatory sales fees or related commissions will be paid to such Managers. Registered broker or dealers who are members of the FINRA will not sell units. Such brokers or dealers will not receive commissions from the Units sold.

TRANSFER AGENT & REGISTRAR

The Company will act as its own transfer agent and registrar for its units of ownership.

PLAN OF PLACEMENT

The Units are offered directly by the Managers of the Company on the terms and conditions set forth in this Memorandum. FINRA brokers and dealers may also offer units. The Company is offering the Units on a "best efforts" basis. The Company will use its best efforts to sell the Units to investors. There can be no assurance that all or any of the Units offered, will be sold.

ESCROW OF SUBSCRIPTION FUNDS

Commencing on the date of this Memorandum all funds received by the Company in full payment of subscriptions for Units will be deposited in an escrow account. The Company has set a minimum offering proceeds figure of $4,000,000 for this Offering. The Company has established a segregated Company managed bank account with Bank of America, into which the minimum offering proceeds will be placed. At least 4,000 Units must be sold for $4,000,000 before such proceeds will be released from the escrow account and utilized by the Company. After the minimum number of Units are sold, all subsequent proceeds from the sale of Units will be delivered directly to the Company and be available for its use. Subscriptions for Units are subject to rejection by the Company at any time.

HOW TO SUBSCRIBE FOR UNITS

A purchaser of Units must complete, date, execute, and deliver to the Company the following documents, as applicable:

- An Investor Suitability Questionnaire;
- An original signed copy of the appropriate Subscription Agreement including verification of the investor's accredited status;
- An [redacted] LLC Operating Agreement; and
- A check payable to "[redacted] LLC" in the amount of $1,000 per Unit for each Unit purchased as called for in the Subscription Agreement (minimum purchase of 100 Units for $100,000).

Subscribers may not withdraw subscriptions that are tendered to the Company.

ADDITIONAL INFORMATION

Each prospective investor may ask questions and receive answers concerning the terms and conditions of this offering and obtain any additional information which the Company possesses, or can acquire without unreasonable effort or expense, to verify the accuracy of the information provided in this Memorandum. The principal executive offices of the Company are located at [redacted], [redacted], [redacted], [redacted] and the telephone number is [redacted].

ERISA CONSIDERATIONS

GENERAL

When deciding whether to invest a portion of the assets of a qualified profit-sharing, pension or other retirement trust in the Company, a fiduciary should consider whether: (i) the investment is in accordance with the documents governing the particular plan; (ii) the investment satisfies the diversification requirements of Section 404(a)(1)(c) of Employee Retirement Income Security Act of 1974, as amended ("ERISA"); and (iii) the investment is prudent and in the exclusive interest of participants and beneficiaries of the plan.

PLAN ASSETS

Under ERISA, whether the assets of the Company are considered "plan assets" is also critical. ERISA generally requires that "plan assets" be held in trust and that the trustee or a duly authorized Manager have exclusive authority and discretion to manage and control the assets. ERISA also imposes certain duties on persons who are "fiduciaries" of employee benefit plans and prohibits certain transactions between such plans and parties in interest (including fiduciaries) with respect to the assets of such plans. Under ERISA and the Code, "fiduciaries" with respect to a plan include persons who: (i) have any power of control, management or disposition over the funds or other property of the plan; (ii) actually provide investment advice for a fee; or (iii) have discretion with regard to plan administration. If the underlying assets of the Company are considered to be "plan assets," then the Manager(s) of the Company could be considered a fiduciary with respect to an investing employee benefit plan, and various transactions between Management or any affiliate and the Company, such as the payment of fees to Managers, might result in prohibited transactions. A regulation adopted by the Department of Labor generally defines plan assets as not to include the underlying assets of the issuer of the securities held by a plan. However, where a plan acquires an equity interest in an entity that is neither a publicly offered security nor a security issued by certain registered investment companies, the plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless: (i) the entity is an operating company or; (ii) equity participation in the entity by benefit plan investors (as defined in the regulations) is not significant (i.e., less than twenty-five percent (25%) of any class of equity interests in the entity is held by benefit plan investors).

Benefit plan investors are not expected to acquire twenty-five percent (25%) or more of the Units offered by the Company. Management of the Company intends to preclude significant investment in the Company by such plans. Employee benefit plans (including IRAs), however, are urged to consult with their legal advisors before subscribing for the purchase of Units to ensure the investment is acceptable under ERISA regulations.

SECTION 3: Exhibits

SUPPORTING DOCUMENTATION & DATA

[redacted] LLC

[redacted], [redacted], [redacted], [redacted]

[redacted]

LLC

HARVARD BUSINESS SERVICES, INC.
16192 COASTAL HIGHWAY
LEWES, DELAWARE 19958-9776
Phone: (302) 645-7400 (800)-345-2677
Fax: (302) 645-1280
www.delawareinc.com

Mr. [redacted]
[redacted], [redacted]

Dear Mr. [redacted],

We would like to convey our congratulations to you and [redacted] LLC. We hope you enjoy terrific success with your new company. Thank you for giving us the opportunity to serve you as your incorporator and Delaware Registered Agent. You are now our valued client and we want to increase your success in any way we can.

Name: [redacted]
Date of Formation: March 28, 2018
Delaware State File Number: [redacted]
HBS Record ID Number: [redacted]

Enclosed is the Recorded Copy of your Certificate of Formation. Please review the information on the certificates and insert them in your corporate kit.

Please remember the following:

1. We must be made aware of any address changes. You may provide this information to us via email (mail@delawareinc.com) or phone (800-345-2677 ext. 6903). This will ensure that we remind you of the following two things:

2. Delaware LLC/LP tax is due **June 1st** each year. If the LLC/LP tax is not received by June 1st, a $200 late penalty plus 1.5% interest monthly will be imposed by the State of Delaware and your company will cease to be in good standing.

3. Your annual registered fee of $50 is due on the anniversary month of your corporation. If the registered agent fee is not received by the due date, a $25 late penalty will be imposed. Failure to pay the registered agent fee within 3 months of the due date may lead to the loss of your registered agent, which could cause your company to become forfeit with Delaware.

We would like to thank you once again, and wish you the best of luck. You can help us by telling a friend or business associate about our services. We work hard to keep things simple for you and your associates when it's time to incorporate.

Sincerely,

Filing Department
Harvard Business Services, Inc.

State of Delaware
Secretary of State
Division of Corporations
Delivered 11:33 AM 03/28/2018
FILED 11:33 AM 03/28/2018
SR [redacted] - File Number [redacted]

CERTIFICATE OF FORMATION
OF
[redacted] LLC

(A Delaware Limited Liability Company)

First: The name of the limited liability company is: [redacted] LLC

Second: Its registered office in the State of Delaware is located at 16192 Coastal Highway, Lewes, Delaware 19958, County of Sussex. The registered agent in charge thereof is Harvard Business Services, Inc.

IN WITNESS WHEREOF, the undersigned, being fully authorized to execute and file this document have signed below and executed this Certificate of Formation on this March 28, 2018.

Richard H. Bell II

Harvard Business Services, Inc., Authorized Person
By: Richard H. Bell, II, President

STATEMENT OF AUTHORIZED PERSON

****

IN LIEU OF ORGANIZATIONAL MEETING
FOR
[redacted] LLC
March 28, 2018

We, Harvard Business Services, Inc., the Authorized Person of [redacted] LLC -- a Delaware Limited Liability Company -- hereby adopt the following resolution pursuant to Section 18-201 of the Delaware Limited Liability Company Act:

Resolved: That the Certificate of Formation of [redacted] LLC was filed with the Secretary of State of Delaware on March 28, 2018.

Resolved: That on March 28, 2018 the following persons were appointed as the initial Members of the Limited Liability Company until their successors are elected and qualify:

[redacted] 1 LLC

Resolved: That the undersigned signatory hereby resigns as the authorized person of the above named Limited Liability Company.

This resolution shall be filed in the minute book of the company.

Harvard Business Services, Inc., Authorized Person
By: Richard H. Bell, II, President

*** This document is not part of the public record. Keep it in a safe place. ***

LLC

OPERATING AGREEMENT

[redacted] LLC

[redacted], [redacted], [redacted], [redacted]

[redacted]

OPERATING AGREEMENT
of
[redacted] LLC
a Delaware limited liability company

THE INTERESTS REPRESENTED HEREBY (THE "INTERESTS") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER THE SECURITIES ACT OR AN OPINION OF LEGAL COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

THE INTERESTS ARE BEING OFFERED AND SOLD UNDER THE EXEMPTION PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT AND PURSUANT TO RULE 506 THEREUNDER.

THERE IS NO OBLIGATION ON THE ISSUER TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. A PURCHASER OF ANY INTEREST MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE INTERESTS REPRESENTED HEREBY HAVE NOT BEEN REVIEWED OR APPROVED BY THE SECURITIES ADMINISTRATORS OF CERTAIN STATES OR OTHER JURISDICTIONS NOR HAVE THEY BEEN QUALIFIED OR REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OF CERTAIN STATES OR OTHER JURISDICTIONS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE QUALIFICATION OR REGISTRATION REQUIREMENTS OF SUCH LAWS. THEREFORE, A PURCHASER OF ANY INTEREST WILL NOT BE ABLE TO RESELL IT UNLESS THE INTEREST IS QUALIFIED OR REGISTERED UNDER THE APPLICABLE STATE SECURITIES LAWS OR LAWS OF OTHER JURISDICTIONS OR UNLESS AN EXEMPTION FROM SUCH QUALIFICATION OR REGISTRATION IS AVAILABLE.

ARTICLE 11 OF THE OPERATING AGREEMENT PROVIDES FOR FURTHER RESTRICTIONS ON TRANSFER OF THE INTERESTS.

THIS OPERATING AGREEMENT is made and entered into effective as of March 28, 2018 by and among [redacted] LLC, a Delaware limited liability company and the several persons whose names and addresses are set forth in ***Exhibit "1"*** attached hereto and incorporated herein by reference, and whose signatures appear on the counterpart signature pages attached hereto, and any other Person who shall hereafter execute this Agreement as a Member of the Company.

W I T N E S S E T H

WHEREAS the initial parties hereto, wishing to become members of a limited liability company called [redacted] LLC (the "Company") under and pursuant to the Delaware Revised Statutes caused articles of organization to be executed and filed with the Delaware Secretary of State; and

WHEREAS the parties agree that their respective rights, powers, duties and obligations as members of the Company, and the management, operations and activities of the Company, shall be governed by this Agreement.

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions contained herein, the parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

<u>Section 1.1</u> **<u>Certain Definitions</u>** Capitalized terms used in this Agreement without other definition shall, unless expressly stated otherwise, have the meanings specified in this Section 1:

1.1.1 "<u>Act</u>" means Title 6, Chapter 18 of the Delaware Code ("DC"), (the Delaware Limited Liability Company Act) (the "Act"), as from time to time in effect in the State of Delaware, or any corresponding provision or provisions of any succeeding or successor law of such State; provided, however, that in the event that any amendment to the Act, or any succeeding or successor law, is applicable to the Company only if the Company has elected to be governed by the Act as so amended or by such succeeding or successor law, as the case may be, the term "Act" shall refer to the Act as so amended or to such succeeding or successor law only after the appropriate election by the Company, if made, has become effective.

1.1.2 "Acceptance" means, for any Class A Member or Class B Member, the date(s) on which subscribers for Units are admitted to the Company by the Manager as Members and the Manager accepts such Member's Capital Contribution

1.1.3 "Acquisition Fee" means the fee payable to the Class B Member in accordance with Section 5.10.1.

1.1.4 "<u>Affiliate</u>" of the Company, a Member or Manager means any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Member or Manager, as applicable. The term "control," as used in the immediately preceding sentence, means with respect to a corporation, limited liability company, limited life company or limited duration company (collectively, "limited liability company"), the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company and, with respect to any individual, partnership, trust, estate, association or other entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

1.1.5 "<u>Agreement</u>" means this Operating Agreement, as originally executed and as amended, modified or supplemented from time to time. Words such as "herein," "hereinafter," "hereof," "hereto," "hereby" and "hereunder," when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.

1.1.6 "<u>Assignee</u>" means any transferee of a Member's Interest who has not been admitted as a Member of the Company in accordance with <u>Section 11.2</u>.

1.1.7 "<u>Bankruptcy</u>" means, with respect to a Member: (i) such Member makes an assignment for the benefit of creditors; (ii) such Member files a voluntary petition in bankruptcy; (iii) such Member is adjudged a bankrupt or insolvent, or has entered against him or it an order for relief, in any bankruptcy or insolvency proceeding; (iv) such Member files a petition or answer seeking for himself or itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation; (v) such Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him or it in any proceeding of a nature described in this subsection 1.1.5; (vi) such Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Member or of all or any substantial part of his or its properties; or (vii) 120 days after the commencement of any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, if the proceeding has not been dismissed, or if within 90 days after the appointment without the Member's consent or acquiescence of a trustee, receiver or liquidator of the Member or of all or any substantial part of his or its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated.

1.1.8 "Capital Account" means an account established and maintained (in accordance with, and intended to comply with, Income Tax Regulations Section 1.704-1(b)for each Member pursuant to Section 8.5 hereof.

1.1.9 "Capital Contributions" means the contributions made by the Members to the Company pursuant to Sections 8.1, 8.2 or 8.3 hereof and, in the case of all the Members, the aggregate of all such Capital Contributions.

1.1.10 "Capital Interest" means an Interest that would give the holder a share of the proceeds if the Company's assets were sold at fair market value and then the proceeds were distributed in a complete liquidation of the Company, as determined by the Capital Accounts of the Members from time to time.

1.1.11 "Certificate of Formation" means the Articles of Organization of this Company filed with the Delaware Secretary of State on March 28, 2018.

1.1.12 Class A Units and Members. Class A Members are persons Accepted into the Company as owners of Class A Units. There shall be four thousand two hundred fifty (4,250) Class A Units, each requiring a capital contribution of One Thousand Dollars ($1,000.00). The Class A Units shall be entitled to the distributions set forth in Sections 10.1 and 10.2.

1.1.13 Except as herein expressly provided to the contrary, no Class A Member shall be Accepted into the Company unless such Class A Member shall make a Capital Contribution of at least One Hundred Thousand Dollars ($100,000) (a purchase of (1000) Class A Units) (the "Class A Minimum Investment Amount"). Notwithstanding the foregoing of this Section 4.1A, the Manager, in its sole discretion, may accept subscriptions for less than the Minimum Investment Amounts. Class A Members shall be Accepted into the Company solely by subscription upon approval of the Manager. Each Class A Member agrees to make its Capital Contribution at the time it is Accepted into the Company. Notwithstanding the Class A Minimum Investment Amount required of a single Investor as described in Section 1.13 above, for the purposes of determining the Class A Minimum Investment Amount, a "single Investor" shall include an individual, his or her spouse, and their descendants, who purchase the Units for his or her or their own accounts, and all pension or trust companies established by each such individual. To the extent that such a "single Investor" satisfies the Class A Minimum Investment

Amount of One Hundred Thousand dollars ($100,000), each individual investor thereunder will receive the number of Class A Units, at the Unit Price, corresponding to such individual investor's pro rata share of all subscriptions made by such "single Investor."

1.1.14 " Class B Interest" means an Interest that is held by the Class B Member and is identified as such in ***Exhibits "1" and "2"***. The Class B Interests are entitled to all items of profit, loss and tax credit not allocated to the Class A Interests. There shall be One Hundred Class B Interests representing the founder's membership interest in the Company, issued in exchange for One Thousand Dollars ($1,000.00).

1.1.15 "Closing of the Offering" means the date upon which the Company has completed the issuance of Class A Units, or December 31, 2018, whichever is sooner.

1.1.16 "Code" means the United States Internal Revenue Code of 1986, as amended, or any corresponding provision or provisions of any succeeding law and, to the extent applicable, the Income Tax Regulations.

1.1.17 "Company" means [redacted], LLC, a Delaware limited liability company.

1.1.18 "Dissolution Event" means, with respect to any Person, one or more of the following: the death, insanity, withdrawal, resignation, retirement, expulsion, Bankruptcy or dissolution of such Person.

1.1.19 "Income Tax Regulations" means, unless the context clearly indicates otherwise, the regulations in force as final or temporary that have been issued by the U.S. Department of the Treasury pursuant to its authority under the Code, and any successor regulations.

1.1.20 "Initial Closing" means the first closing of subscriptions into capital of the Company. The Initial Closing shall be held within five (5) business days following the receipt of subscriptions with payment in an amount of not less than Four Million Dollars ($4,000,000).

1.1.21 "Interest" means the entire ownership interest of a Member in the Company at any particular time, including, without limitation, the right of such Member to participate in the Company's income or losses, Net Cash Flow and any and all rights and benefits to which a Member may be entitled pursuant to this Agreement and under the Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and the Act.

1.1.22 "Internal Rate of Return" or "IRR": The "annualized effective compounded return rate" or rate of return that makes the net present value (NPV) of all (i) Distributions to Class A Members pursuant to Article 10, and (ii) Capital Contributions of Members, equal to zero. For calculation purposes, using the XIRR function (with periods on an annual basis) in Microsoft Excel 2007 or later is an acceptable form of calculating IRR.

1.1.23 "Manager" means a Person who is elected as a Manager of the Company pursuant to Section 5.5 or 5.6 of this Agreement.

1.1.24 "Member" means any Person who (i) is one of the original Members of the Company which are parties to this Agreement and listed as such in ***Exhibit "1"***, or (ii) has been admitted to the Company as a Member in accordance with the Act and this Agreement, and (iii) has not ceased to be a Member for any reason.

1.1.25 "Net Cash Flow" means, with respect to any fiscal period, the excess of operating revenues, investment income, income from Affiliates properly includable for federal tax purposes, and other receipts over operating expenses and other expenditures for such fiscal period, including but not limited to principal and interest payments on indebtedness of the Company, other sums paid to lenders, and cash expenditures incurred incident to the normal operation of the Company's business, decreased by (i) any amounts added to Reserves during such fiscal period, and increased by (ii) the amount (if any) of all allowances for cost recovery, amortization or depreciation with respect to property of the Company for such fiscal period, and (iii) any amounts withdrawn from Reserves during such fiscal period

1.1.26 "Percentage Interest" means the allocable interest of each Member in the income, gain, loss, deduction or credit of the Company, as set forth in ***Sections 10.1 and 1***0.2 and subject to the priority payment of the Preferred Return.

1.1.27 "Person" means a natural person or any partnership (whether general or limited and whether domestic or foreign), limited liability company, foreign limited liability company, limited life company, limited duration company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity or any other entity.

1.1.28 "Preferred Return" means, for any Class A Member and as of any date, the amount, if any that would be required to be distributed on such date so that the aggregate distributions to such Member provide a cumulative, non-compounded return equal to seven percent (7%) per annum for Class A Members of such Member's Invested Capital Contribution. Such amount will be calculated on the basis of the actual number of days elapsed from closing of the acquisition of the Property to and including the date that the distributions constituting a return of such Capital Contributions were made. The Preferred Return may be paid in part upon the sale of the Property, if operating cash flows are not sufficient.

1.1.29 "Reserves" means the reasonable reserves established and maintained from time to time by the Managers, in amounts reasonably considered adequate and sufficient from time to time by the Managers to pay taxes, fees, insurances or other costs and expenses incident to the Company's business.

1.1.30 "Secretary of State" means the Secretary of State of the State of Delaware.

1.1.31 "Vote" includes written consent.

Section 1.2 **Forms of Pronouns; Number; Construction** Unless the context otherwise requires, as used in this Agreement, the singular number includes the plural and the plural number may include the singular. The use of any gender shall be applicable to all genders. Unless otherwise specified, references to Articles, Sections or subsections are to the Articles, Sections and subsections in this Agreement. Unless the context otherwise requires, the term "including" shall mean "including, without limitation."

ARTICLE 2

THE COMPANY

<u>Section 2.1 Name</u>. The name of the Company shall be [redacted] LLC.

<u>Section 2.2 Purpose of the Company</u>. The Company is organized to engage in any lawful business, including without limitation the following objects and purposes: (i) acquire, develop, improve, lease, operate, maintain, finance, hold for investment, own and manage the property known as [redacted] Townhomes, [redacted], [redacted] (hereinafter, the "Property", "properties", or "Company Property"), and at such time or times and for such price and terms as may be determined by the Manager in the Manager's sole discretion, sell, exchange or otherwise dispose of such Property (or any portions thereof); (ii) make any other investments in any assets reasonably accretive to the Property that the Manager deems, in its sole discretion, to be beneficial to the Company: (iii) and do such other actions as may be necessary, appropriate, proper, advisable, desirable, convenient, or incidental to the foregoing.

If this Company intends to engage in business activities outside the state of its formation that require the qualification of the Company in other states, it shall obtain such qualification before engaging in such out-of-state activities.

<u>Section 2.3 Term</u>. This Company shall continue in existence in perpetuity from the date of filing of its Certificate of Formation with the Delaware Secretary of State, unless earlier dissolved pursuant to the Act or <u>Section 13.1</u> of this Agreement. The Manager shall consider the liquidity options for the Company on or about the tenth anniversary of the Company's existence.

ARTICLE 3

OFFICES

<u>Section 3.1 Registered Office</u>. The registered office of the Company in Delaware required by the Act shall be as set forth in the Company's Certificate of Formation until such time as the registered office is changed in accordance with the Act.

<u>Section 3.2 Principal Executive Office</u>. The principal executive office for the transaction of the business of the Company shall be fixed by the Manager(s) within or without the State of Delaware.

<u>Section 3.3 Other Offices</u>. The Manager(s) may at any time establish other business offices within or without the State of Delaware.

ARTICLE 4

MEMBERS; LIMITED LIABILITY OF MEMBERS; CLASSES; INTERESTS OF MEMBERS; CERTIFICATES; VOTING RIGHTS; MEETINGS OF MEMBERS

Section 4.1 **Members**. Each of the parties to this Agreement, and each Person admitted as a Member of the Company pursuant to the Act and Section 11.2 of this Agreement, shall be Members of the Company until they cease to be Members in accordance with the provisions of the Act, the Certificate of Formation, or this Agreement. Upon the admission of any new Member, ***Exhibits "1" and "2",*** attached hereto, shall be amended accordingly.

Section 4.2 **Limited Liability** Except as expressly set forth in this Agreement or required by law, no Member shall be personally liable for any debt, obligation or liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Member of the Company.

Section 4.3 **Nature of Membership Interest; Agreement Is Binding upon Successors.** The Interests of Members in the Company constitute their personal estate. No Member has any interest in any specific asset or property of the Company. In the event of the death or legal disability of any Member, the executor, trustee, administrator, guardian, conservator or other legal representative of such Member shall be bound by the provisions of this Agreement, including without limitation Sections 11.2 and 11.3. If a Member who is not a natural person is dissolved or terminated, the successor of such Member shall be bound by the provisions of this Agreement, including without limitation Sections 11.2 and 11.3.

Section 4.4 **Certificates Evidencing Interests**. The Company may issue to every Member of the Company a certificate signed by any Manager of the Company specifying the Interest of such Member, which signature may be a facsimile. If a certificate for registered interests is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a resolution of the Managers or, if there be no Managers then in office, of the Members.

Section 4.5 **Classes of Members**.

4.5.1 The Company shall have two (2) classes of Members: Class A Members and Class B Members. Each such class of Members shall have the rights, powers, duties, obligations, preferences and privileges set forth in this Agreement. The names of the Members, respectively, shall be set forth in ***Exhibit "1"***, attached hereto and incorporated herein by reference, as amended from time to time. A Member of any class may also be a member of any other class or classes.

4.5.2 Class A Members and Class B Members shall be entitled to share in the Net Cash Flow, in proportion to their respective Percentage Interests as set forth in ***Sections 1.1.10 and 1.1.11*** subject to the Preferred Return to the Class A Members and shall be entitled to a return of their positive Capital Account balances upon a dissolution and liquidation of the Company in accordance with subsection 13.4.5.

Section 4.6 **Voting Rights.**

4.6.1 Except as may otherwise be provided in this Agreement or the Act or the Certificate of Formation, each of the Members hereby waives his or its right to vote on any matters other than as set forth in this Section 4.6.

4.6.2 In accordance with Section 19.2, the affirmative vote of a Majority of the Class B Percentage Interests shall be required to:

(A) adopt clerical or ministerial amendments to this Agreement and

(B) replace a Manager or appoint a new Manager

(C) change the authorized number of Managers in accordance with Section 5.4

(D) approve indemnification of any Manager, Member or officer of the Company as authorized by Article 14 of this Agreement

(E) approve a sale of substantially all of the assets of the Company.

4.6.3 Subject to the Act and the Certificate of Formation, the affirmative vote of Members holding more than fifty percent (50%) of the Percentage Interests of each class voting as a class represented and voting at a duly held meeting at which a quorum of each class is present (which Members voting affirmatively shall constitute at least a majority of the required quorum) shall be required to:

(A) agree to continue the business of the Company after a Dissolution Event specified in Section 13.1;

(B) approve any loan to any Manager or any guarantee of a Manager's obligations, in accordance with Article 17;

(C) authorize or approve a fundamental change in the business of the Company.

(D) authorize Additional Capital Contributions and related Percentage Interest adjustments; and,

(E) increase the number of Class A or Class B Interests after issuance or alter the capital contribution required for each Interest once any interests of Class A or Class B have been issued.

4.6.4 Unless a record date for voting purposes has been fixed as provided in Section 4.12 of this Agreement, only Persons whose names are listed as Members on the records of the Company at the close of business on the business day immediately preceding the day on which notice of the meeting is given or, if such notice is waived, at the close of business on the business day immediately preceding the day on which the meeting of Members is held (except that the record date for Members entitled to give consent to action without a meeting shall be determined in accordance with Section 4.11) shall be entitled to receive notice of and to vote at such meeting, and such day shall be the record date for such meeting. Any Member entitled to vote on any matter may cast part of the votes in favor of the proposal and refrain from exercising the remaining votes or vote against the proposal (other than for election or removal of a Manager), but if the Member fails to specify the Interests such Member is voting affirmatively, it will be conclusively presumed that the Member's approving vote is with respect to all votes such Member is entitled to cast. Such vote may be a voice vote or by ballot; provided, however, that all votes for election or removal of a Manager must be by ballot upon demand made by a Class B at any meeting at which such election or removal is to be considered and before the voting begins.

4.6.5 Without limiting the preceding provisions of this Section 4.6, no Person shall be entitled to exercise any voting rights as a Member until such Person (i) shall have been admitted as a Member pursuant to Section 11.2, and (ii) shall have paid the Capital Contribution of such Person in accordance with Section 8.1.

Section 4.7 **Place of Meetings**. All meetings of the Members shall be held at any place within or without the State of Delaware that may be designated by the Managers. In the absence of such designation, Members' meetings shall be held at the principal executive office of the Company.

Section 4.8 **Meetings of Members** Meetings of the Members for the purpose of taking any action permitted to be taken by the Members may be called by any Manager, or by any Member. Upon request in writing that a meeting of Members be called for any proper purpose, the Manager forthwith shall cause notice to be given to the Members entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than ten (10) nor more than sixty (60) days after receipt of the request. Except in special cases where other express provision is made by statute, written notice of such meetings shall be given to each Member entitled to vote not less than ten (10) nor more than sixty (60) days before the meeting. Such notices shall state:

4.8.1 The place, date and hour of the meeting;

4.8.2 Those matters which the Managers, at the time of the mailing of the notice, intend to present for action by the Members; and

4.8.3 The names of the Managers intended at the time of the notice to be presented for election by the Class B Members.

Section 4.9 **Quorum**. The presence at any meeting in person or by proxy of Members holding not less than a majority of the Percentage Interests of the class or classes entitled to vote at such meeting shall constitute a quorum for the transaction of business. This section shall not be interpreted to alter the votes required by this Agreement.

Section 4.10 **Waiver of Notice**. The actions of any meeting of Members, however called and noticed, and wherever held, shall be as valid as if taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice, consent or approval need not specify either the business to be transacted or the purpose of any regular or special meeting of Members, except that if action is taken or proposed to be taken for approval of any of those matters specified in subsections 4.6.2 – 4.6.4, inclusive, of this Agreement, the waiver of notice, consent or approval shall state the general nature of such proposal. All such waivers, consents or approvals shall be filed with the Company's records and made a part of the minutes of the meeting. Attendance of a Member at a meeting shall also constitute a waiver of notice of and presence at such meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice but not so included, if such objection is expressly made at the meeting.

Section 4.11 Action by Members Without a Meeting. Managers may be elected or removed without a meeting by a consent in writing, setting forth the action so taken, signed by Members having not less than the minimum number of votes that would be necessary to elect or remove Managers in accordance with Section 5.5; in addition, a Manager may be elected at any time to fill a vacancy by a written consent signed by Class B Members having not less than the minimum number of votes that would be necessary to elect Managers in accordance with Section 5.5. Notice of such election shall be promptly given to non-consenting Members.

Any other action which, under any provision of the Act or the Certificate of Formation or this Agreement, may be taken at a meeting of the Members, may be taken without a meeting, and without notice except as hereinafter set forth, if a consent in writing, setting forth the action so taken, is signed by Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. All such consents shall be filed with the secretary of the Company and shall be maintained in the Company's records. Unless the consents of all Members entitled to vote have been solicited in writing, then (i) notice of any proposed Member approval of any of the matters set forth in subsections 4.6.2 – 4.6.4, inclusive, without a meeting by less than unanimous written consent shall be given to those Members entitled to vote who have not consented in writing at least ten (10) days before the consummation of the action authorized by such approval, and (ii) prompt notice shall be given of the taking of any other action approved by Members without a meeting by less than unanimous written consent to those Members entitled to vote who have not consented in writing.

Any Member giving a written consent, or the Member's proxyholders, or a personal representative of the Member or their respective proxyholders, may revoke the consent by a writing received by the secretary prior to the time that written consents of the number of votes required to authorize the proposed action have been filed with the secretary, but may not do so thereafter. Such revocation is effective upon its receipt by the secretary or, if there shall be no person then holding such office, upon its receipt by any other officer or Manager of the Company.

Section 4.12 Record Date. The Managers or, if there be no Managers then in office, the Members may fix a time in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members or entitled to give consent to action by the Company in writing without a meeting, to receive any report, to receive any dividend or distribution, or any allotment of rights, or to exercise rights with respect to any change, conversion or exchange of interests. The record date so fixed shall be not more than sixty (60) days nor less than ten (10) days prior to the date of any meeting, nor more than sixty (60) days prior to any other event for the purposes of which it is fixed. When a record date is so fixed, only Members of record at the close of business on that date are entitled to notice of and to vote at any such meeting, to give consent without a meeting, to receive any report, to receive a dividend, distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any interests on the books of the Company after the record date, except as otherwise provided by statute or in the Certificate of Formation or this Agreement.

If the Managers or the Members, as the case may be, do not so fix a record date, then (i) the record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day immediately preceding the day on which notice is given or, if notice is waived, at the close of business on the business day immediately preceding the day on which the meeting is held, and (ii) the record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given.

(A) **Resignation and Withdrawal of Members**. No Member may resign or withdraw as a Member prior to the dissolution and winding up of the Company or without the consent of a majority of each Class.

Section 4.13 Members May Participate in Other Activities. Each Member of the Company, either individually or with others, shall have the right to participate in other business ventures of every kind, whether or not such other business ventures compete with the Company. No Member, acting in the capacity of a Member, shall be obligated to offer to the Company or to the other Members any opportunity to participate in any such other business venture. Neither the Company nor the other Members shall have any right to any income or profit derived from any such other business venture of a Member or affiliate entity.

Section 4.14 Members Are Not Agents. Pursuant to Section 5.1 of this Agreement, the management of the Company is vested in the Managers. The Members shall have no power to participate in the management of the Company except as expressly authorized by the Act, this Agreement or the Certificate of Formation. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by the Managers, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

Section 4.15 Transactions of Members with the Company Subject to any limitations set forth in this Agreement and with the prior approval of the Managers, a Member may lend money to and transact other business with the Company. Subject to other applicable law, such Member has the same rights and obligations with respect thereto as a Person who is not a Member.

Section 4.16 Loans by Members to the Company. Without limiting Section 4.15, no Member shall be obligated to lend money to the Company. No Member may lend money to the Company without the prior approval of the Manager(s). Any loan by a Member to the Company with the required approval of the Manager(s) shall be separately entered on the books of the Company as a loan to the Company and not as a Capital Contribution, shall bear interest at such commercially reasonable rate as may be agreed upon by the lending Member and the Manager(s), and shall be evidenced by a promissory note containing commercially reasonable terms duly executed by at least two (2) Managers or a sole Manager, as applicable, or if there shall be no Managers then in office, by at least two (2) Members (excluding the lending Member) on behalf of the Company and delivered to the lending Member.

ARTICLE 5

MANAGEMENT OF THE COMPANY

Section 5.1 **Managers** Subject to the provisions of the Act and any limitations in the Certificate of Formation and this Agreement as to action required to be authorized or approved by the Members, the business and affairs of the Company shall be managed and all its powers shall be exercised by or under the direction of the Manager.

5.1.1 Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Managers shall have the following powers:

(A) to conduct, manage and control the business and affairs of the Company and to make such rules and regulations therefor not inconsistent with law or with the Certificate of Formation or with this Agreement, as the Managers shall deem to be in the best interests of the Company;

(B) to appoint and remove at pleasure the officers, agents and employees of the Company, prescribe their duties and fix their compensation;

(C) to borrow money and incur indebtedness for the purposes of the Company and to cause to be executed and delivered therefor, in the Company's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor;

(D) to designate an executive and/or other committees, each consisting of two or more Managers, to serve at the pleasure of the Managers, and to prescribe the manner in which proceedings of such committees shall be conducted;

(E) to acquire real and personal property, arrange financing and enter into contracts; and

(F) to make all other arrangements and do all things which are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

Section 5.2 **Agency Authority of Managers**. If more than one Manager holds office, then any of them shall be authorized to sign checks, contracts and obligations on behalf of the Company. Any Manager, acting alone, is authorized to endorse checks, drafts and other evidences of indebtedness made payable to the order of the Company, but only for the purpose of deposit into the Company's accounts.

Section 5.3 **Limited Liability**. Except as expressly set forth in this Agreement or required by law, no Manager shall be personally liable for any debt, obligation, or liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Manager of the Company.

Section 5.4 **Number and Qualifications of Managers** The authorized number of Managers that shall constitute the Managers shall be not less than one (1) nor more than three (3). Subject to the provisions of the Act and any- limitations in the Certificate of Formation, the authorized number of Managers may be changed from time to time upon the affirmative vote of Members holding not less than a majority of the total Class B Percentage Interests. The exact number of Managers shall be fixed from time to time, within the limits specified in this Section 5.4, by the Managers then in office. A Manager may, but need not, be a Member of the Company.

Section 5.5 **Election and Removal of Managers.**

5.5.1 The Manager shall be elected by the vote of Members holding not less than a majority of the Class B Interests at any meeting of the Members, or by written consent of Members holding not less than a majority of the Class B Interests pursuant to Section 4.11 of this Agreement. Except as otherwise provided by the Act or the Certificate of Formation, each Manager, including a Manager elected to fill a vacancy, shall hold office until his or her death, Bankruptcy, mental incompetence, resignation or removal.

5.5.2 Any Manager may be removed, with or without cause, by the votes of Members holding not less than a majority of the Class B Interests represented and voting at a duly held meeting of the Members at which a quorum is present (which Members voting affirmatively also constitute at least a majority of the required quorum), or by written consent of a majority of the Class B Interests pursuant to Section 4.11 of this Agreement.

5.5.3 Any Manager may be removed for Cause upon the vote of seventy five percent (75%) of the Percentage Interests of the Class A Members. For purposes of removal of a Manager, “for Cause” shall mean any of the following:

(A) Breach or default a Manager of any material term or obligation under this Operating Agreement that is not waived in writing by the Company or cured within ten (10) days of notice of the alleged breach or default;

(B) A Manager is declared insolvent or bankrupt, or makes an assignment for the benefit of creditors, or a receiver is appointed or any proceeding is demanded by, for or against the other under any provision of the Federal Bankruptcy Act or any amendment thereof which is not removed within sixty (60) days after notice from the Company;

(C) The willful and continued failure of a Manager to substantially perform that party’s customary duties (other than due to such party’s death or incapacity due to physical or mental illness), the reckless disregard of the performance of such party’s duties, or the willful engaging by the breaching party in gross misconduct which is materially injurious to the other party, monetarily or otherwise;

(D) If an individual, the inability of a Manager to perform his duties hereunder by reason of illness, or physical or mental incapacity of any kind, for a period of more than sixty (60) days. If disputed by the Manager, the Manager shall submit to a medical examination by a qualified medical doctor selected by the Company to determine the Manager's ability to perform his duties; or

(E) Any actions by a Manager causing or resulting in either of the following:

(1) Conviction, whether as a result of a guilty plea, a plea of nolo contendere or a verdict of guilty, of a felony, any offense involving moral turpitude;

(2) Material misrepresentation or material false, misleading, inaccurate statements in connection with the rendering of services as a Manager.

Section 5.6 Vacancies; Resignations.

5.6.1 A vacancy shall be deemed to exist in case of the death, Bankruptcy, mental incompetence, resignation or removal of any Manager, if the authorized number of Managers be increased, or if the Members fail, at any meeting of the Members at which any Manager or Managers are to be elected, to elect the full authorized number of Managers to be voted for at that meeting.

5.6.2 Unless the Members shall have elected a Manager to fill a vacancy, vacancies (except for a vacancy created by the removal of a Manager) may be filled by a majority of the Managers then in office, whether or not less than a quorum, or by a sole remaining Manager, and each Manager so elected shall hold office until such Manager's successor is elected by the required vote at a meeting of the Members, or by written consent of Members holding not less than a majority of the total Class B Percentage Interests. A vacancy created by the removal of a Manager for cause may only be filled by the vote of Members holding not less than seventy five percent (75%) of the total Class A Percentage Interests represented and voting at a duly held meeting at which a quorum is present (which Members voting affirmatively also constitute at least a majority of the required quorum), or by the written consent of Members holding not less than seventy percent of the total Class A Percentage Interests pursuant to Section 4.11 of this Agreement.

5.6.3 The Class B Members, by a vote or written consent in accordance with Section 5.5, may elect a Manager at any time to fill any vacancy or vacancies not filled by the other Managers.

5.6.4 Any Manager may resign effective upon giving thirty (30) days written notice to the Members of the Company, unless the notice specifies a later time for the effectiveness of such resignation. A majority of the other Managers then in office, or failing such action the Members, shall have power to elect a successor to take office when the resignation is to become effective.

Section 5.7 **Manager** The name and address of the initial Manager, to hold office from and after the date of this Agreement until one or more successors are elected and qualified, is as set forth in ***Exhibit "3"*** attached hereto and incorporated herein by reference. Such Manager is appointed by the Class B Member signing this Operating Agreement.

Section 5.8 **Managers May Engage in Other Activities** Each Manager of the Company (if more than one), either individually or with others, shall have the right to participate in other business ventures of every kind, whether or not such other business ventures compete with the Company. No Manager, acting in the capacity of a Manager, shall be obligated to offer to the Company or to the other Manager any opportunity to participate in any such other business venture. Neither the Company nor the other Managers shall have any right to any income or profit derived from any such other business venture of a Manager.

Section 5.9 **Transactions of Managers with the Company**. Subject to any limitations set forth in this Agreement and with the prior approval of a majority of disinterested Managers, or where there is only one Manager, a majority of the disinterested Class B Percentage Interests, a Manager may lend money to and transact other business with the Company. Subject to other applicable law, such Manager has the same rights and obligations with respect thereto as a Person who is not a Member or Manager.

Section 5.10 **Compensation of Managers and Class B Member**. As more particularly set forth in Subsections 5.10.1 to 5.10.5, below, the Manager shall be entitled to receive compensation as follows: (i) an amount equal to three percent (3%) of the original acquisition cost of all property acquired by the Company, payable within thirty (30) days of each acquisition;; (ii) an asset management fee in amount equal to two percent (2%) per annum of the gross rents collected, payable quarterly on the first day of each calendar quarter; as more particularly set forth below.

5.10.1 Within thirty (30) Days of acquisition of the Property, the Company shall pay the Manager an acquisition fee equal to three percent (3%) of the total capitalized costs incurred by the Company in acquiring such Property, for its services in connection with the selection, evaluation, structure and purchase of the Property (the "Acquisition Fee").

5.10.2 Asset Management Fee. On a calendar quarter basis, the Company shall pay the Manager or its Affiliates an annual Asset Management Fee equal to two percent (2%) percentage of the gross rent collected for its services in overseeing the Property (the "Asset Management Fee");

Section 5.11 **Partner Representative**. For taxable years beginning after December 31, 2018 (or any earlier year, if the Board of Managers, so elects), the Board of Managers shall designate a partnership representative (in such capacity, the "Partnership Representative") to act under Section 6223 of the Code as amended by the Bipartisan Budget Act of 2015 (or any successor thereto) (the "2015 Act") and in any similar capacity under state, local or non-U.S. law, as applicable. The Partnership Representative may be removed and replaced by the Board of Managers at any time in its sole discretion. Notwithstanding anything else to the contrary in this Agreement, the Partnership Representative shall apply the provisions of subchapter C of Chapter 63 of the Code, as amended by the 2015 Act (or any successor rules thereto), or similar provisions of state, local or non-U.S. tax law, with respect to any audit, imputed underpayment, other adjustment, or any such decision or action by the Internal Revenue Service (or other tax authority) with respect to the Company or the Members for such taxable years, in the manner determined by the Partnership Representative with the approval of the Board of Managers.

Section 5.11.1 The Members shall have no claim against the Company or Partnership Representative for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Company in order to comply with the rules under subchapter C of Chapter 63 of the Code, as amended by the 2015 Act (or any successor rules thereto) or similar provisions of state, local or non-U.S. law.

Section 5.11.2 The Partnership Representative shall keep the Members informed of any inquiries, audits, other proceedings or tax deficiencies assessed or proposed to be assessed (of which the Partnership Representative is actually aware) by any taxing authority against the Company or the Members.

Section 5.11.3 So long as the Company satisfies the provisions of Sections 6221(b)(1)(B) through (D) of the Code, the Partnership Representative, with the approval of the Board of Managers, may cause the Company to make the election set forth in Section 6221(b)(1) of the Code so that the provisions of Subchapter C of Chapter 63 of the Code shall not apply to the Company. If such election is made the Partnership Representative shall provide the proper notice to each Member in accordance with Section 6221(b)(1)(E).

Section 5.11.4 Provided the election described in Section 5.11.3 above is not in effect, in the case of any adjustment by the IRS in the amount of any item of income, gain, loss, deduction, or credit of the Company or any Member's distributive share thereof ("IRS Adjustment"), the Partnership Representative shall respond to such IRS Adjustment in accordance with either 5.11.5 or 5.11.6, below.

Section 5.11.5 In accordance with section 6225 of the Code as enacted under the 2015 Act, the Partnership Representative may cause the Company to pay an imputed underpayment as calculated under section 6225(b) of the Code with respect to the IRS Adjustment, including interest and penalties ("Imputed Tax Underpayment") in the Adjustment Year. The Partnership Representative shall use commercially reasonable efforts to pursue available procedures to reduce any Imputed Tax Underpayment on account of any Member's tax status. Each Member agrees to amend its U.S. federal income tax return(s) to include (or reduce) its allocable share of the Company's income (or losses) resulting from an IRS Adjustment and pay any tax due with such return as required under Section 6225(c)(2) of the Code, even if an Imputed Tax Underpayment liability of the Company or IRS Adjustment occurs after the Member's withdrawal from the Company.

Section 5.11.6 Alternatively, the Partnership Representative may elect under section 6226 of the Code as implemented under the 2015 Act to cause the Company to issue adjusted Internal Revenue Service Schedules "K-1" (or such other form as applicable) reflecting a Member's shares of any IRS Adjustment for the Adjustment Year.

Section 5.11.7 Each Member does hereby agree to indemnify and hold harmless the Company, Board and Partnership Representative from and against any liability with respect to the Member's proportionate share of any Imputed Tax Underpayment or other IRS Adjustment resulting in liability of the Company, regardless of whether such Member is a Member in the Company in an Adjustment Year, with such proportionate share as reasonably determined by the Board of Managers, including the Board of Managers' reasonable discretion to consider each Member's interest in the Company in the Reviewed Year and a Member's timely provision of information necessary to reduce the amount of Imputed Tax Underpayment set forth in section 6225(c) of the Code. This obligation shall survive a Member's ceasing to be a Member of the Company and/or the termination, dissolution, liquidation and winding up of the Company.

Section 5.11.8 Each Member does hereby agree to indemnify and hold harmless the Company, the Managers and Partnership Representative from and against any liability with respect to the Member's proportionate share of any item of income, gain, loss, deduction, or credit of the Company or any Member's distributive share thereof reported on an adjusted Internal Revenue Service Schedule K-1 received by the Company with respect to any entity in which the Company holds an ownership interest and which results in liability of the Company, regardless of whether such Member is a Member in the Company in an Adjustment Year, with such proportionate share as reasonably determined by the Board of Managers, including the Board of Managers' reasonable discretion to consider each Member's interest in the Company in the Reviewed Year and a Member's timely provision of information necessary to reduce the amount of Imputed Tax Underpayment set forth in section 6225(c) of the Code. This obligation shall survive a Member's ceasing to be a Member of the Company and/or the termination, dissolution, liquidation and winding up of the Company.

Section 5.11.9 "Adjustment Year" means: (1) in the case of an adjustment pursuant to the decision of a court, the Company's taxable year in which the decision becomes final; (2) in the case of an administrative adjustment request, the Company's taxable year in which the administrative adjustment is made; or (3) in any other case, the Company's taxable year in which the notice of final partnership adjustment is mailed.

ARTICLE 6

MEETINGS OF MANAGERS

__Section 6.1__ **__Place of Meetings__**. Meetings of the Managers shall be held at any place within or without the State of Delaware that has been designated from time to time by the Managers. In the absence of such designation, meetings of the Managers shall be held at the principal executive office of the Company.

__Section 6.2__ **__Meetings of Managers__**. Meetings of the Management Committee may be called for any purpose or purposes at any time by any Manager. Notice of the time and place of meetings shall be delivered personally or by telephone to each Manager, or sent by first-class mail or by telegram or facsimile transmission, charges prepaid, addressed to such Manager at his or her address as it appears upon the records of the Company or, if it is not so shown on the records and is not readily ascertainable, at the place at which the meetings of the Managers are regularly held. In case such notice is mailed, it shall be deposited in the United States mail at least ten (10) days prior to the time of the holding of the meeting. In case such notice is telegraphed or sent by facsimile transmission, it shall be delivered to a common carrier for transmission to the Manager or actually transmitted by the person giving the notice by electronic means to the Manager at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered personally or by telephone as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Any notice given personally or by telephone may be communicated to either the Manager or to a person at the office of the Manager whom the person giving the notice has reason to believe will promptly communicate it to the Manager. Such deposit in the mail, delivery to a common carrier, transmission by electronic means or delivery, personally or by telephone, as above provided, shall be due, legal and personal notice to such Managers. The notice need not specify the purpose of the meeting.

Section 6.3 Quorum; Participation in Meetings by Conference Telephone Permitted; Vote Required for Action Presence of a majority of the authorized number of Managers at a meeting of the Managers constitutes a quorum for the transaction of business, except as hereinafter provided. Managers may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Managers participating in such meeting can communicate with and hear one another. Every act or decision done or made by a majority of the Managers present at a meeting duly held at which a quorum is present shall be regarded as the act of the Managers, unless there are only two Managers in which case unanimity shall be required. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Managers, provided that any action taken is approved by at least a majority of the required quorum for such meeting. A majority of the Managers present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place (other than adjournments until the time fixed for the next regular meeting of the Managers, as to which no notice is required) shall be given prior to the time of the adjourned meeting to the Managers who were not present at the time of the adjournment.

Section 6.4 Waiver of Notice; Consent to Meeting Notice of a meeting need not be given to any Manager who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Manager. All such waivers, consents and approvals shall be filed with the Company's records and made a part of the minutes of the meeting.

Section 6.5 Action by Managers Without a Meeting. Any action required or permitted to be taken by the Managers may be taken without a meeting if all the Managers shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Managers. Such action by written consent shall have the same force and effect as a unanimous vote of the Managers.

Section 6.6 Committees and Subcommittees. The provisions of this Article 6 shall also apply, with necessary changes in points of detail, to committees and subcommittees of the Managers, if any, and to actions by such committees or subcommittees (except for the first sentence of Section 6.2, which shall not apply, and except that special meetings of a committee or subcommittee may also be called at any time by any two members of the committee or subcommittee), unless otherwise provided by this Agreement or by the resolution of the Managers designating such committee or subcommittee. For such purpose, references to the Managers shall be deemed to refer to each such committee or subcommittee, and references to "Managers" shall be deemed to refer to members of the committee or subcommittee.

ARTICLE 7

OFFICERS

Section 7.1 **General**. Subject to the provisions of the Act and the Certificate of Formation, the Managers may determine from time to time to appoint one or more individuals as officers of the Company. Every officer must be at least 18 years of age. An officer need not be a Member or Manager of the Company, and any number of offices may be held by the same person. The Managers shall determine the nature and extent of the duties to be performed by any officer. Officers may include a President, a secretary, a treasurer, one or more vice-presidents and such other officers as may be designated from time to time by the Managers.

Section 7.2 **Appointment and Removal** The officers shall be appointed by the Managers. Each officer, including an officer elected to fill a vacancy, shall hold office at the pleasure of the Managers until his or her successor is elected, except as otherwise provided by the Act. Any officer may be removed, with or without cause, at any time by the affirmative vote of a majority of the Managers then in office, unless there are only two Managers in which case unanimity shall be required.

ARTICLE 8

CAPITAL CONTRIBUTIONS

Section 8.1 **Initial Capital Contributions**.

8.1.1 Each Member shall make an initial Capital Contribution to the Company in cash or property as set forth in ***Exhibit "1"***. The Manager shall have the discretion as to the date at which the subscriptions for Class A Interests shall be closed.

8.1.2 Upon the date of admission of a new Member in accordance with Section 11.2, or on such later date as a majority of the Members from time to time shall agree in writing, each new Member shall make a Capital Contribution to the Company in such amount and in such form as Members holding not less than a majority of the Class B Percentage Interests shall agree.

8.1.3 Upon receipt of each such Capital Contribution the Company shall credit each Member's Capital Account with the amount of such Member's Capital Contribution as shown in ***Exhibit "1"***, as amended from time to time.

8.1.4 No Member or Member Class shall receive capital account credit unless specified in Exhibit 1 of the initial agreement or if not in Exhibit 1 then by written agreement with signed acknowledgement of a majority of the Class B Members.

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<u>Section 8.2</u> **<u>Additional Capital Contributions.</u>**

8.2.1 No Member shall be obligated to contribute additional capital to the Company and no Member shall be permitted or authorized to make any additional Capital Contribution without the prior approval of Members holding not less than a majority of the Class B Percentage Interests. Additional Capital Contributions may be necessary to accomplish the purposes and objectives of the Company. Additional Capital Contributions may be made by the Members when determined necessary, from time to time, in the amounts and representing such Percentage Interest and within the time determined by the requisite approval of the Members and Managers. Such additional Capital Contributions shall be payable in proportion to each Member's Percentage Interest. If the current Members are unable or unwilling to meet the demand for Additional Capital Contributions, the Members acknowledge that new members may be added at the time additional capital is required on terms no more favorable than was offered to the existing members. The Members acknowledge that their Membership Interests may change (including being diluted) from time to time as a result of adding Members to obtain Additional Capital Contributions. However, this section is not for the benefit of any creditors of the Company. No creditor of the Company may obtain any right under this paragraph to make any claim that a Member is obligated to contribute capital to the Company for the purpose of satisfying the Company's creditors.

8.2.2 Such Member or Members making Additional Capital Contributions shall receive a Capital Account credit for each such additional Capital Contribution at the time and in the amount that such contribution is made and receive the related Percentage Interests, and ***Exhibits "1" and "2"*** shall be adjusted accordingly as to the capital contributed and the related Percentage Interests for the new members.

<u>Section 8.3</u> **<u>Withdrawal or Reduction of Capital Contributions.</u>**

8.3.1 Except as expressly provided in this Agreement, no Member shall have the right to withdraw from the Company all or any part of his or its Capital Contribution prior to the dissolution and winding up of the Company.

8.3.2 Without limiting the generality of <u>subsection 8.3.1</u>, no Member shall receive any part of his or its Capital Contribution upon the dissolution of the Company until:

(A) all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company sufficient to pay them; or

(B) the Certificate of Formation or this Agreement is canceled or so amended as to permit the withdrawal or reduction of Capital Contributions by Members.

8.3.3 A Member, irrespective of the nature of his or its Capital Contribution, shall only have the right to demand and receive cash in return for his or its Capital Contribution.

<u>Section 8.4</u> **<u>No Interest Payable on Capital Contributions</u>**. No interest shall be payable on or with respect to the Capital Contributions or Capital Accounts of Members.

Section 8.5 Capital Accounts.

8.5.1 A single Capital Account shall be maintained for each Member (regardless of the class of Interests owned by such Member and regardless of the time or manner in which such Interests were acquired) in accordance with the capital accounting rules of Section 704(b) of the Code, and the regulations thereunder (including without limitation Section 1.704-1(b)(2)(iv) of the Income Tax Regulations). In general, under such rules, a Member's Capital Account shall be:

(A) increased by (i) the amount of money contributed by the Member to the Company (including the amount of any Company liabilities that are assumed by such Member other than in connection with distribution of Company property), (ii) the fair market value of property contributed by the Member to the Company (net of liabilities secured by such contributed property that under Section 752 of the Code the Company is considered to assume or take subject to), and (iii) allocations to the Member of Company income and gain (or item thereof), including income and gain exempt from tax; and

(B) decreased by (i) the amount of money distributed to the Member by the Company (including the amount of such Member's individual liabilities that are assumed by the Company other than in connection with contribution of property to the Company), (ii) the fair market value of property distributed to the Member by the Company (net of liabilities secured by such distributed property that under Section 752 of the Code such Member is considered to assume or take subject to), (iii) allocations to the Member of expenditures of the Company not deductible in computing its taxable income and not properly chargeable to capital account, and (iv) allocations to the Member of Company loss and deduction (or item thereof).

8.5.2 Where Section 704(c) of the Code applies to Company property or where Company property is revalued pursuant to paragraph (b)(2)(iv)(t) of Section 1.704-1 of the Income Tax Regulations, each Member's Capital Account shall be adjusted in accordance with paragraph (b)(2)(iv)(g) of Section 1.704-1 of the Income Tax Regulations as to allocations to the Members of depreciation, depletion, amortization and gain or loss, as computed for book purposes with respect to such property.

8.5.3 When Company property is distributed in kind (whether in connection with liquidation and dissolution or otherwise), the Capital Accounts of the Members shall first be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such property (that has not been reflected in the Capital Account previously) would be allocated among the Members if there were a taxable disposition of such property for the fair market value of such property (taking into account Section 7701(g) of the Code) on the date of distribution.

8.5.4 The Members shall direct the Company's accountants to make all necessary adjustments in each Member's Capital Account as required by the capital accounting rules of Section 704(b) of the Code and the regulations thereunder.

ARTICLE 9

ALLOCATION OF PROFITS AND LOSSES; TAX AND ACCOUNTING MATTERS

<u>Section 9.1</u> **<u>Allocations.</u>** Each Member's distributive share of income, gain, loss, deduction or credit (or items thereof) of the Company as shown on the annual federal income tax return prepared by the Company's accountants or as finally determined by the United States Internal Revenue Service or the courts, and as modified by the capital accounting rules of Section 704(b) of the Code and the Income Tax Regulations thereunder, as implemented by <u>Section 8.5</u> hereof, as applicable, shall be determined as follows:

9.1.1 <u>Allocations</u>. Except as otherwise provided in this <u>Section 9.1</u>:

(A) items of income, gain, loss, deduction or credit (or items thereof) shall be allocated among the members in proportion to their Percentage Interests as set forth in ***Sections 1.1.10 and 1.1.11***, and any Preferred Return paid to the Class A and B Members, if any, except that items of loss or deduction allocated to any Member pursuant to this Section 9.1 with respect to any taxable year shall not exceed the maximum amount of such items that can be so allocated without causing such Member to have a deficit balance in his or its Capital Account at the end of such year, computed in accordance with the rules of paragraph (b)(2)(ii)(d) of Section 1.704-1 of the Income Tax Regulations. Any such items of loss or deduction in excess of the limitation set forth in the preceding sentence shall be allocated as follows and in the following order of priority:

(1) first, to those Members who would not be subject to such limitation, in proportion to their Percentage Interests, and

(2) second, pro rata to Members’ positive Capital Accounts until all Capital Accounts reach zero ($0), and

(3) third, if losses exceed all Members’ positive Capital Accounts, then losses shall be allocated to Members who have personal risk on Company liabilities (“Personal Risk Members”). Such allocation shall be based on the ratio of each Personal Risk Member’s Capital Account prior to loss allocation.

Income is to be allocated to Members’ Capital Accounts in the following order of priority:

(1) first, proportionate to prior loss allocation until Capital Accounts reach zero ($0), and

(2) second, when Capital Accounts have been restored to zero ($0), additional income shall be allocated pro rata until each Member’s pre-loss Capital Account has been restored, and

(3) third, proportionate to each Member’s LLC Percentage Interest.

To the extent income and loss allocations are required under Section 704 of the U.S. Internal Revenue Code and the Regulations thereunder, such allocations will take preference.

9.1.2 Allocations With Respect to Property. Solely for tax purposes, in determining each Member's allocable share of the taxable income or loss of the Company, depreciation, depletion, amortization and gain or loss with respect to any contributed property, or with respect to revalued property where the Company's property is revalued pursuant to paragraph (b)(2)(iv)(f) of Section 1.704-1 of the Income Tax Regulations, shall be allocated to the Members in the manner (as to revaluations, in the same manner as) provided in Section 704(c) of the Code. The allocation shall take into account, to the full extent required or permitted by the Code, the difference between the adjusted basis of the property to the Member contributing it (or, with respect to property which has been revalued, the adjusted basis of the property to the Company) and the fair market value of the property determined by the Members at the time of its contribution or revaluation, as the case may be.

9.1.3 Minimum Gain Chargeback. Notwithstanding anything to the contrary in this Section 9.1, if there is a net decrease in Company Minimum Gain or Company Nonrecourse Debt Minimum Gain (as such terms are defined in Sections 1.704-2(b) and 1.704-2(i)(2) of the Income Tax Regulations, but substituting the term "Company" for the term "Partnership" as the context requires) during a Company taxable year, then each Member shall be allocated items of Company income and gain for such year (and, if necessary, for subsequent years) in the manner provided in Section 1.704-2 of the Income Tax Regulations. This provision is intended to be a "minimum gain chargeback" within the meaning of Sections 1.704-2(f) and 1.704-2(i)(4) of the Income Tax Regulations and shall be interpreted and implemented as therein provided.

9.1.4 Qualified Income Offset. Subject to the provisions of subsection 9.1.3, but otherwise notwithstanding anything to the contrary in this Section 9.1, if any Member's Capital Account has a deficit balance in excess of such Member's obligation to restore his or its Capital Account balance, computed in accordance with the rules of paragraph (b)(2)(ii)(d) of Section 1.704-1 of the Income Tax Regulations, then sufficient amounts of income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year) shall be allocated to such Member in an amount and manner sufficient to eliminate such deficit as quickly as possible. This provision is intended to be a "qualified income offset" within the meaning of Section 1.704-1(b)(2)(ii)(d) of the Income Tax Regulations and shall be interpreted and implemented as therein provided.

9.1.5 Depreciation Recapture. Subject to the provisions of Section 704(c) of the Code and subsections 9.1.2 – 9.1.4, inclusive, of this Agreement, gain recognized (or deemed recognized under the provisions hereof) upon the sale or other disposition of Company property, which is subject to depreciation recapture, shall be allocated to the Member who was entitled to deduct such depreciation.

9.1.6 Loans If and to the extent any Member is deemed to recognize income as a result of any loans pursuant to the rules of Sections 1272, 1273, 1274, 7872 or 482 of the Code, or any similar provision now or hereafter in effect, any corresponding resulting deduction of the Company shall be allocated to the Member who is charged with the income. Subject to the provisions of Section 704(c) of the Code and subsections 9.1.2 – 9.1.4, inclusive, of this

Agreement, if and to the extent the Company is deemed to recognize income as a result of any loans pursuant to the rules of Sections 1272, 1273, 1274, 7872 or 482 of the Code, or any similar provision now or hereafter in effect, such income shall be allocated to the Member who is entitled to any corresponding resulting deduction.

9.1.7 Tax Credits Tax credits shall generally be allocated according to Section 1.704-1(b)(4)(ii) of the Income Tax Regulations or as otherwise provided by law. Investment tax credits with respect to any property shall be allocated to the Members pro rata in accordance with the manner in which Company profits are allocated to the Members under subsection 9.1.1 hereof, as of the time such property is placed in service. Recapture of any investment tax credit required by Section 47 of the Code shall be allocated to the Members in the same proportion in which such investment tax credit was allocated.

9.1.8 Change of Pro Rata Interests. Except as provided in subsections 9.1.6 and 9.1.7 hereof or as otherwise required by law, if the proportionate interests of the Members of the Company are changed during any taxable year, all items to be allocated to the Members for such entire taxable year shall be prorated on the basis of the portion of such taxable year which precedes each such change and the portion of such taxable year on and after each such change according to the number of days in each such portion, and the items so allocated for each such portion shall be allocated to the Members in the manner in which such items are allocated as provided in section 9.1.1 during each such portion of the taxable year in question.

9.1.9 Effect of Special Allocations on Subsequent Allocations. Any special allocation of income or gain pursuant to subsections 9.1.3 or 9.1.4 hereof shall be taken into account in computing subsequent allocations of income and gain pursuant to this Section 9.1 so that the net amount of all such allocations to each Member shall, to the extent possible, be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Section 9.1 if such special allocations of income or gain under subsection 9.1.3 or 9.1.4 hereof had not occurred.

9.1.10 Nonrecourse and Recourse Debt. Items of deduction and loss attributable to Member nonrecourse debt within the meaning of Section 1.7042(b)(4) of the Income Tax Regulations shall be allocated to the Members bearing the economic risk of loss with respect to such debt in accordance with Section 1704-2(i)(l) of the Income Tax Regulations. Items of deduction and loss attributable to recourse liabilities of the Company, within the meaning of Section 1.752-2 of the Income Tax Regulations, shall be allocated among the Members in accordance with the ratio in which the Members share the economic risk of loss for such liabilities.

9.1.11 State and Local Items. Items of income, gain, loss, deduction, credit and tax preference for state and local income tax purposes shall be allocated to and among the Members in a manner consistent with the allocation of such items for federal income tax purposes in accordance with the foregoing provisions of this Section 9.1.

Section 9.2 **Accounting Matters**. The Managers or, if there be no Managers then in office, the Members shall cause to be maintained complete books and records accurately reflecting the accounts, business and transactions of the Company on a calendar-year basis and using such cash, accrual, or hybrid method of accounting as in the judgment of the Management. Committee or the Members, as the case may be, is most appropriate; provided, however, that books and with respect to the Company's Capital Accounts and allocations of income, gain, loss, deduction or credit (or item thereof) shall be kept under U.S. federal income tax accounting principles as applied to partnerships.

Section 9.3 Tax Status and Returns.

9.3.1 Any provision hereof to the contrary notwithstanding, solely for United States federal income tax purposes, each of the Members hereby recognizes that the Company may be subject to the provisions of Subchapter K of Chapter 1 of Subtitle A of the Code; provided, however, the filing of U.S. Partnership Returns of Income shall not be construed to extend the purposes of the Company or expand the obligations or liabilities of the Members.

9.3.2 The Manager shall prepare or cause to be prepared all tax returns and statements, if any, that must be filed on behalf of the Company with any taxing authority, and shall make timely filing thereof. Within ninety (90) days after the end of each calendar year, the Company shall prepare or cause to be prepared and delivered to each Member a report setting forth in reasonable detail the information with respect to the Company during such calendar year reasonably required to enable each Member to prepare his or its federal, state and local income tax returns in accordance with applicable law then prevailing.

ARTICLE 10

DISTRIBUTIONS

Section 10.1 Distributions of Net Operating Cash Flow. Distributions of Net Operating Cash Flow, if any, shall be distributed within forty-five (45) days after the end of each Fiscal Quarter. All distributions of Net Operating Cash Flow shall be distributed as follows: (1) first, to the Class A Members and Class B Members, pro rata based upon each Member’s relative percentage interest until each Class A Member has received such Member’s respective Preferred Return; and (2) thereafter, then seventy percent (70%) to the Class A Members as a group), pro rata based upon each Member’s relative Membership Interest, and thirty percent (30%) to the Class B Member. However, in the event that the combination of the Distributions of Net Operating Cash Flow and the Preferred Return to the Class A Members exceed an Internal Rate of Return of 17% (as calculated on a quarterly basis), then any remaining distributions will be fifty percent (50%) to the Class A Members, as a group, pro rata based on upon each Member’s relative Membership Interest, and fifty percent (50%) to the Class B Member.

Section 10.2 Distributions of Net Capital Event Proceeds. Distributions of all or any portion of Net Capital Event Proceeds shall be made within forty-five (45) days after the end of a Fiscal Quarter. All distributions of Net Capital Event Proceeds shall be distributed as follows: (1) first, to the Class A Members, pro rata based upon each such Member’s respective unpaid Preferred Return, until such Preferred Return has been paid; (2) second, to the Members to the extent and in proportion with their Invested Capital Contributions until the aggregate amount distributed to such Members in accordance with this Section 10.2 (2) is sufficient to provide for a return of such Members' Invested Capital Contributions by the Company; and (3) thereafter, seventy percent (70%) to the Class A Members, as a group, pro rata based upon each Member's relative Membership Interest, and thirty percent (30%) to the Class B Member. However, notwithstanding the foregoing, if the combination of the Distributions of Net Operating Cash Flow, Distributions of Net Capital Event Proceeds, and Preferred Return exceed an Internal Rate of Return of seventeen percent (17%) to the Class A Members (as calculated on a quarterly basis), then any remaining distributions will be fifty percent (50%) to the Class A Members, as a group, pro rata based on upon each Member's relative Membership Interest, and fifty percent (50%) to the Class B Member.

Section 10.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.4 hereof with respect to any allocation, payment or distribution to a Member shall be treated as amounts distributed to such Member pursuant to Section 10.1 for all purposes under this Agreement.

Section 10.4 No Member, regardless of the nature of the Member's Capital Contribution, has any right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind.

Without limiting the generality of Section 10.4, the Managers may, with the consent of the Member receiving the distribution and other Members holding not less than a majority of the Percentage Interests of all classes voting together as single class, distribute specific property or assets of the Company to one or more Members.

Section 10.6 Restriction on Distributions.

10.6.1 No distribution shall be made if, after giving effect to the distribution:

(A) The Company would not be able to pay its debts as they become due in the usual course of business; or

(B) The Company's total assets would be less than the sum of its total liabilities plus, unless this Agreement provides otherwise, the amount that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights of other Members, if any, upon dissolution that are superior to the rights of the Member receiving the distribution.

10.1.2 The Managers may base a determination that a distribution is not prohibited on any of the following:

(A) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances;

(B) A fair valuation; or

(C) Any other method that is reasonable in the circumstances.

The effect of a distribution is to be measured as of the date the distribution is authorized if the payment is to occur within one hundred twenty (120) days after the date of authorization, or the date payment is made if it is to occur more than one hundred twenty (120) days after the date of authorization.

Section 10.7 Return of Distributions Members and Assignees who receive distributions made in violation of the Act or this Agreement shall return such distributions to the Company. Except for those distributions made in violation of the Act or this Agreement, no Member or Assignee shall be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company. The amount of any distribution returned to the Company by a Member or Assignee or paid by a Member or Assignee for the account of the Company or to a creditor of the Company shall be added to the account or accounts from which it was subtracted when it was distributed to the Member or Assignee.

Section 10.8 754 Election In the event of a distribution of property to a Member, the death of an individual Member or a transfer of any interest in the Company permitted under the Act or this Agreement, the Company may, in the discretion of the Managers upon the written request of the transferor or transferee, file a timely election under Section 754 of the Code and the Income Tax Regulations thereunder to adjust the basis of the Company's assets under Section 734(b) or 743(b) of the Code and a corresponding election under the applicable provisions of state and local law, and the person making such request shall pay all costs incurred by the Company in connection therewith, including reasonable attorneys' and accountants' fees.

ARTICLE 11

TRANSFER OF INTERESTS; ADMISSION OF MEMBERS; OPTION TO PURCHASE INTEREST OF DECEASED OR DISSOLVED MEMBER; RIGHT OF FIRST REFUSAL

Section 11.1 Transfer of Interests.

11.1.1 No Member may sell, exchange, transfer, assign, make a gift of, pledge, encumber, hypothecate or alienate (each a "transfer") his or its Interest in the Company to any Person, not already a Member, and no transferee of a Member's Interest may be admitted as a Member, unless the transferring Member has complied with Section 11.3.

11.1.2 Any transferee of a Member's Interest who fails to comply with subsection 11.1.1 shall have no right to vote or otherwise participate in the business and affairs of the Company or to become a Member; provided, however, that if the transferee is already a Member, then such transferee Member shall only be entitled to vote the Interest which he or it held prior to the transfer.

11.1.3 Any transferee of a Member's Interest who fails to comply with subsection 11.1.1 shall only be entitled to receive the share of profits or other compensation by way of income and the return of Capital Contributions, if any, to which the transferring Member would otherwise be entitled.

11.1.4 Subject to the restrictions set forth in this Section 11.1, certificates evidencing interests in the Company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written instrument of transfer the Managers or officers may accept such evidence of a transfer of a Member's Interest as they consider appropriate.

Section 11.2 Admission of New Members.

11.2.1 No Person shall be admitted as a Member of the Company by assignment or sale of a Member's interest unless the transferring member has complied with Section 11.3.

11.2.2 Upon the admission of a new Member contributing new capital to the Company in accordance with the Act and this Agreement, the new Member shall pay in his or its Capital Contribution in accordance with subsection 8.1.2, the Company shall establish a Capital Account which shall be credited with the Capital Contribution of the new Member, and ***Exhibits "1" and "2"*** shall be adjusted to reflect the new Percentage Interests and Capital Accounts of the Members.

Section 11.3 Right of First Refusal for Sales of Interests by Members. Subject to Sections 11.1 and 11.2 of this Agreement and the Act, in the event that any Member (sometimes referred hereinafter as an "Offering Member") wishes to sell, exchange, transfer, assign, make a gift of, pledge, encumber, hypothecate or alienate (hereinafter collectively referred to as a "transfer") any or all of his or its Interest in the Company, such Offering Member shall first offer to sell such Interest to each of the other Members pro rata according to their Interests at the price, upon the terms and conditions and in the manner herein provided.

Section 11.4 Procedure for Right of First Refusal.

11.4.1 In the event the Offering Member shall desire to transfer any Interest, the Offering Member shall give notice (for purposes of this Section 11.4, the "Notice") in writing to each of the other Members, stating his or its bona fide intention to transfer such Interest, the name of the prospective transferee, the Interest to be sold or transferred (the "Offering Member's Interest"), and the purchase price at or consideration for which such Offering Member's Interest is proposed to be transferred.

11.4.2 Upon receipt of the Notice, each of the other Members shall have the first right and option to agree to purchase all (subject to subsection 11.4.5 hereof) of the Offering Member's Interest transferred or proposed to be transferred, at the price determined by the Notice, exercisable for a period of thirty (30) days from the date of receipt of the Notice.

11.4.3 Failure by all or any of the other Members to respond to the Notice within the thirty (30) day period shall be deemed to constitute a notification to the Offering Member of the decision of the non-responding Members not to exercise the first right and option to purchase the Offering Member's Interest under this Section. Upon the decision and notice by the other Members to purchase all the Offering Member's Interest, the parties to such purchase shall close such purchase within thirty (30) days thereafter.

11.4.4 If any Member does not purchase his or its pro rata share of the Offering Member's Interest, the other Members may purchase the non-purchasing Members' portion of the Offering Member's Interest on a pro rata basis within ten (10) days from the date such non-purchasing Members fail to exercise their right of first refusal hereunder.

If the Members do not purchase all of the Offering Member’s Interest, the Company may purchase the remainder of the Offering Member's Interest within thirty (30) days thereafter.

11.4.5 Unless all of the Offering Member's Interest referred to in the Notice is purchased in accordance with this Section 11, none of such Interest may be purchased, any payment submitted by the other Members shall be returned to them, and written Notice shall be given to the Offering Member (or his or its successor) and the transferee of the Offering Member, that the options hereunder have not been exercised with respect to all of the Offering Member's Interest. If options to purchase all of such Offering Member's Interest are effectively exercised hereunder, the Company shall notify the Offering Member (or his or its successor) and the transferee of the Offering Member, of the fact. Immediately upon receipt of notice that all the Offering Member's Interest is to be purchased, the Offering Member (or his or its successor) or the transferee of the Offering Member, shall deliver to the purchasing Member a proper assignment in blank for such Offering Member's Interest with signatures properly guaranteed and with such other documents as may be required by the Company to provide reasonable assurance that each necessary endorsement is genuine and effective, in exchange for payment as provided for in Section 11.5 by the purchasing Member representing the total purchase price. Any Interest acquired by the purchasing Member pursuant to this Section 11.4.5 shall be subject to the provisions and restrictions of this Agreement.

11.4.6 If the options specified herein are not exercised with respect to all of the Offering Member's Interest referred to in the Notice, then, within ninety (90) days after written notice is given by the Company that the options have not been exercised, the Offering Member may transfer all or any part of such Interest referred to in the Notice to the person or persons named as transferees, in the manner described and such transferee(s) shall then be admitted as Member(s) in the Company; provided, however, that the Offering Member shall not transfer such Interest on terms more favorable to the purchaser than those specified in said Notice; and provided further, that any Interest disposed of and sold to such transferees shall remain subject to the provisions and restrictions of this Agreement. If the Offering Member does not make such transfer in accordance with the Notice within such 90 days, he or it shall be required again to comply with the provisions of Section 11.4 before he or it may transfer any Interest in the Company.

Section 11.5 Payment of Purchase Price.

11.5.1 The payment of the purchase price shall be in cash.

Section 11.6 Exception for Class B Units. Notwithstanding the provisions of ARTICLE XI , the Manager and the Class B Member(s) have the sole and exclusive authority to grant, convey, sell, transfer, hypothecate, disassociate or otherwise dispose of all or a portion of the Class B Units.

ARTICLE 12

ACCOUNTING, RECORDS, REPORTING TO AND BY MEMBERS

Section 12.1 **Books and Records**. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting methods followed for United States federal income tax purposes. The books and records of the Company shall reflect all the Company's transactions and shall be appropriate and adequate for the Company's business. The Company shall maintain at its principal office all of the following:

12.1.1 A current list of the full name and last known business or residence address of each Member and Assignee set forth in alphabetical order, together with the Capital Contributions, Capital Accounts, and Percentage Interests of each Member or Assignee;

12.1.2 A current list of the full name and business or residence address of each Manager;

12.1.3 A copy of the Certificate of Formation and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Certificate of Formation or any amendments thereto have been executed;

12.1.4 Copies of the Company's U.S. federal, state and local income tax or information returns and reports, if any, and any tax returns or reports filed by or on behalf of the Company in any other jurisdiction, for the six (6) most recent taxable years;

12.1.5 A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

12.1.6 Copies of the financial statements of the Company, if any, for the six (6) most recent fiscal years;

12.1.7 Copies of Bank Statements for the Company's accounts.

Section 12.2 **Delivery to Members and Inspection**.

12.2.1 Upon the request of any Member for purposes reasonably related to the interest of that Person as a Member, the Managers shall promptly deliver to the requesting Member, at the expense of the Member, a copy of the information required to be maintained under subsections 12.1.1, 12.1.2 and 12.1.4, and a copy of this Agreement.

12.2.2 Each Member and Manager has the right, upon reasonable request for purposes reasonably related to the interest of the Person as Member or Manager, to:

(A) inspect and copy during normal business hours any of the Company records described in subsections 12.1.1 – 12.1.7, inclusive, of this Agreement; and

(B) obtain from the Managers, promptly after their becoming available, a copy of the Company's U.S. federal, state and local income tax or information returns and reports and any tax returns and reports filed in any other jurisdiction for each fiscal year of the Company.

12.2.3 The Manager(s) shall be responsible for the preparation of financial reports of the Company and for the coordination of financial matters of the Company with the Company's accountants. Annual reviewed statements shall be prepared that include a statement showing any item of income, gain, deduction, credit or loss allocable for U.S. federal income tax purposes pursuant to the terms of this Agreement.

12.2.4 Any inspection or copying by a Member under this Section 12.2 may be made by that Person or that Person's agent or attorney.

Section 12.3 **Filings**. The Managers, at Company expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Managers, at Company expense, shall also cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to or restatements of, the Certificate of Formation and all reports required to be filed by the Company with those entities under the Act or other then-current applicable laws, rules and regulations. If a Manager required by the Act to execute or file any document fails, after demand, to do so within a reasonable period of time or refuses to do so, any other Managers or Member may prepare, execute and file that document with the Delaware Secretary of State.

Section 12.4 **Bank Accounts**. The Managers shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

Section 12.5 **Accounting Decisions and Reliance on Others** All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Managers. The Managers may rely upon the advice of the Company's accountants as to whether such decisions are in accordance with accounting methods followed for U.S. federal income tax purposes or for purposes of any other jurisdiction in which the Company does business or is required to file tax returns or reports under applicable law.

ARTICLE 13

DISSOLUTION AND LIQUIDATION

Section 13.1 **Dissolution** Subject to the provisions of the Act or the Certificate of Formation, the Company shall be dissolved and its affairs wound up upon the first to occur of the following:

13.1.1 At the time specified in the Certificate of Formation, or upon the expiration of the term specified in Section 2.3 of this Agreement; or

13.1.2 The written consent of Members holding a majority of the Percentage Interests of all classes voting together as a single class; or

13.1.3 Upon the sale of substantially all of the assets of the Company.

Section 13.2 **Liquidation**.

13.2.1 Upon the occurrence of any of the events of dissolution as set forth in Section 13.1 of this Agreement, the Company shall cease to engage in any further business, except to the extent necessary to perform existing obligations, and shall wind up its affairs and liquidate its assets The Managers or Trustee appointed by the Managers, or if there be no Managers then in office the Members (by a vote of Members holding not less than a majority of the Percentage Interests of all classes voting together as a single class), shall appoint a liquidating trustee (who may, but need not, be a Member) who shall have sole authority and control over the winding up and liquidation of the Company's business and affairs and shall diligently pursue the winding up and liquidation of the Company in accordance with the Act. As soon as practicable after his or her appointment, the liquidating trustee shall cause to be filed a statement of intent to dissolve as required by the Act.

13.2.2 During the course of liquidation, the Members shall continue to share profits and losses as provided in Section 10.1 of this Agreement, but there shall be no cash distributions to the Members until the Distribution Date (as defined in Section 13.3).

Section 13.3 **Liabilities**. Liquidation shall continue until the Company's affairs are in such condition that there can be a final accounting, showing that all fixed or liquidated obligations and liabilities of the Company are satisfied or can be adequately provided for under this Agreement. The assumption or guarantee in good faith by one or more financially responsible Persons shall be deemed to be an adequate means of providing for such obligations and liabilities. When the liquidating trustee has determined that there can be a final accounting, the liquidating trustee shall establish a date (not to be later than the end of the taxable year of the liquidation, i.e., the time at which the Company ceases to be a going concern as provided in Section 1.704-1(b)(2)(ii)(g) of the Income Tax Regulations, or, if later, ninety (90) days after the date of such liquidation) for the distribution of the proceeds of liquidation of the Company (the "Distribution Date"). The net proceeds of liquidation of the Company shall be distributed to the Members as provided in Section 13.4 hereof not later than the Distribution Date.

Section 13.4 Upon dissolution and termination, the Manager shall wind up the affairs of the Company, shall sell all the Company assets as promptly as consistent with obtaining, insofar as possible, the fair value thereof after paying all liabilities, including all costs of dissolution. The proceeds from the liquidation of the assets of the Company and collection of the receivables of the Company, together with the assets distributed in kind, to the extent sufficient therefore, shall be applied and distributed in the following descending order of priority:

13.4.1 to the payment and discharge of all of the Company's debts and liabilities and the expenses of the Company including liquidation expenses;

13.4.2 to the creation of any reserves which the Manager deems necessary for any contingent or unforeseen liabilities or obligations of the Company;

13.4.3 to the payment and discharge of all of the Company's debts and liabilities owing to Members, but if the amount available for payment is insufficient, then pro rata in proportion to the amount of the Company debts and liabilities owing to each Member; and

13.4.4 to all the Members in the proportion of their respective positive Capital Accounts, as those accounts are determined after all adjustments to such accounts for the taxable year of the Company during which the liquidation occurs as are required by this Agreement and Income Tax Regulations § 1.704-I(b), such adjustments to be made within the time specified in such Income Tax Regulations;

13.4.5 to the Class A Members to the extent of any accrued, unpaid Preferred Return;

13.4.6 to the Members in proportion to their Percentage Interests as set forth in ***Sections 1.1.10 and 1.1.11***.

Section 13.5 **Certificate of Cancellation** Upon dissolution and liquidation of the Company, the liquidating trustee shall cause to be executed and filed with the Secretary of State of the State of Delaware, a certificate of cancellation in accordance with the Act.

ARTICLE 14

INDEMNIFICATION AND INSURANCE

Section 14.1 **Indemnification: Proceeding Other than by Company**. The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that he or she is or was a Manager, Member, officer, employee or agent of the Company, or is or was serving at the request of the Company as a manager, member, shareholder, director, officer, partner, trustee, employee or agent of any other Person, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company, and that, with respect to any criminal action or proceeding, he or she had reasonable cause to believe that his or her conduct was unlawful.

Section 14.2 **Indemnification: Proceeding by Company** The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he or she is or was a Manager, Member, officer, employee or agent of the Company, or is or was serving at the request of the Company as a manager, member, shareholder, director, officer, partner, trustee, employee or agent of any other Person, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him or her in connection with the defense or settlement of the action or suit if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Company or for amounts paid in settlement to the Company, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

<u>Section 14.3</u> **<u>Mandatory Indemnification</u>**. To the extent that a Manager, Member, officer, employee or agent of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described in <u>Sections 14.1 and 14.2</u>, or in defense of any claim, issue or matter therein, he or she must be indemnified by the Company against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection with the defense.

<u>Section 14.4</u> **<u>Authorization of Indemnification</u>**. Any indemnification under <u>Sections 14.1 and 14.2</u>, unless ordered by a court or advanced pursuant to <u>Section 14.5</u>, may be made by the Company only as authorized in the specific case upon a determination that indemnification of the Manager, Member, officer, employee or agent is proper in the circumstances. The determination must be made by a majority of the Class B Members if the person seeking indemnity is not a Class B Member or by independent legal counsel selected by the Manager in a written opinion.

<u>Section 14.5</u> **<u>Mandatory Advancement of Expenses</u>**. The expenses of Managers, Members and officers incurred in defending a civil or criminal action, suit or proceeding must be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the Manager, Member or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Company. The provisions of this <u>Section 14.5</u> do not affect any rights to advancement of expenses to which personnel of the Company other than Managers, Members or officers may be entitled under any contract or otherwise.

<u>Section 14.6</u> **<u>Effect and Continuation</u>**. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to <u>Sections 14.1 – 14.5</u>, inclusive:

14.6.1 Does not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the Certificate of Formation or any limited liability company agreement, vote of Members or disinterested Managers, if any, or otherwise, for either an action in his or her official capacity or an action in another capacity while holding his or her office, except that indemnification, unless ordered by a court pursuant to <u>Section 14.2</u> or for the advancement of expenses made pursuant to <u>Section 14.5</u>, may not be made to or on behalf of any Member, Manager or officer if a final adjudication establishes that his or her acts or omissions involved intentional misconduct, breach of fiduciary duty, fraud or a knowing violation of the law and was material to the cause of action.

14.6.2 Continues for a person who has ceased to be a Member, Manager, officer, employee or agent and inures to the benefit of his or her heirs, executors and administrators.

Section 14.7 **Notice of Indemnification and Advancement** Any indemnification of, or advancement of expenses to, a Manager, Member, officer, employee or agent of the Company in accordance with this Article 14, if arising out of a proceeding by or on behalf of the Company, shall be reported promptly in writing to the Members

Section 14.8 **Repeal or Modification**. Any repeal or modification of this Article 14 by the Members of the Company shall not adversely affect any right of a Manager, Member, officer, employee or agent of the Company existing hereunder at the time of such repeal or modification.

ARTICLE 15

SEAL

Section 15.1 **Seal**. The Managers or, if no Managers shall have been elected, the Members may adopt a seal of the Company in such form as the Managers or the Members, as the case may be, shall decide.

ARTICLE 16

INVESTMENT REPRESENTATIONS; PRIVATE OFFERING EXEMPTION

Each Member, by his or its execution of this Agreement, hereby represents and warrants to, and agrees with, the Managers, the other Members and the Company as follows:

Section 16.1 **Investment Intent**. Such Member is acquiring the Interest for investment purposes for his or its own account only and not with a view to or for sale in connection with any distribution of all or any part of the Interest.

Section 16.2 **Economic Risk**. Such Member is financially able to bear the economic risk of his or its investment in the Company, including the total loss thereof.

Section 16.3 **No Registration of Units** Such Member acknowledges that the Interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or qualified under any state securities law or under the laws of any other jurisdiction, in reliance, in part, on such Member's representations, warranties and agreements herein.

Section 16.4 **No Obligation to Register**. Such Member acknowledges and agrees that the Company and the Managers are under no obligation to register or qualify the Interests under the Securities Act or under any state securities law or under the laws of any other jurisdiction, or to assist such Member in complying with any exemption from registration and qualification.

Section 16.5 **No Disposition in Violation of Law**. Without limiting the representations set forth above, and without limiting Article 11 of this Agreement, such Member will not make any disposition of all or any part of the Interests which will result in the violation by such Member or by the Company of the Securities Act or any other applicable securities laws. Without limiting the foregoing, each Member agrees not to make any disposition of all or any part of the Interests unless and until:

16.5.1 there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance' with such registration statement and any applicable requirements of state securities laws; or

16.5.2 such Member has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Managers, such Member has furnished the Company with a written opinion of legal counsel, reasonably satisfactory to the Company, that such disposition will not require registration of any securities under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities law or under the laws of any other jurisdiction.

Section 16.6 **Financial Estimate and Projections.** That it understands that all projections and financial or other materials which it may have been furnished are not based on historical operating results, because no reliable results exist, and are based only upon estimates and assumptions which are subject to future conditions and events which are unpredictable and which may not be relied upon in making an investment decision.

ARTICLE 17

COMPANY LOANS AND GUARANTEES

Section 17.1 **General**. The provisions contained in this Article 17 set forth the terms and conditions by which the Company may make a loan or guarantee to any Manager or officer of the Company except as otherwise permitted or limited by the Act or any other applicable law.

Section 17.2 **Members' Approval Required**. The Company shall not make any loan of money or property to, or guarantee the obligation of, any Manager of the Company for any purpose not directly related to the business of the Company and unless the transaction or an employee benefit plan authorizing such loans or guarantees, after disclosure of the right under such a plan to include Managers, is approved by fifty percent in interest of each class of Members.

Section 17.3 **Loans Generally Not to be Secured upon Interests in the Company**. The Company shall not make any loan of money or property to, or guarantee the obligation of, any person upon the security of Interests in the Company, unless the loan or guarantee is (i) otherwise adequately secured, or, (ii) made pursuant to an employee benefit plan permitted by law, and (iii) approved by Members holding not less than fifty percent in interest of each class of Members.

Section 17.4 Advances for Expenses of Managers and Officers. Notwithstanding anything to the contrary contained in Section 17.2 hereof, the Company may advance money to any Manager or officer of the Company for any expenses reasonably anticipated to be incurred in the performance of the duties of such Manager or officer, provided that in the absence of such advance such Manager or officer would be entitled to be reimbursed for such expenses by this Company or any subsidiary of this Company.

ARTICLE 18

DEFAULTS AND REMEDIES

Section 18.1 Defaults. If a Member materially defaults in the performance of his or its obligations under this Agreement, and such default is not cured within ten (10) days after written notice of such default is given by a Manager or any of the other Members to the defaulting Member for a default that can be cured by the payment of money, or within thirty (30) days after written notice of such default, is given by a Manager or any of the other Members to the defaulting Member for any other default, then the non-defaulting Members shall have the rights and remedies described in Section 18.2 hereunder in respect of the default.

Section 18.2 Remedies If a Member fails to perform his or its obligations under this Agreement, the Company and such other Member shall have the right, in addition to all other rights and remedies provided herein, on behalf of himself or itself, the Company or the Members, to bring the matter to arbitration pursuant to Section 19.8 The award of the arbitrator in such a proceeding may include an order for specific performance by the defaulting Member of his or its obligations under this Agreement, or an award for damages for payment of sums due to the Company or to a Member.

ARTICLE 19

MISCELLANEOUS

Section 19.1 Entire Agreement This Agreement, and the exhibits hereto, constitute the entire agreement among the Members with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No party hereto shall be liable or bound to the other in any manner by any warranties, representations or covenants with respect to the subject matter hereof except as specifically set forth herein.

Section 19.2 Amendments.

19.2.1 This Agreement may be amended only by the affirmative vote of a Majority of the Percentage Interests of each outstanding class of the Members, except clerical or ministerial amendments that may be approved by the Class B Members holding not less than a majority of the Class B Percentage Interests.

19.2.2 The Certificate of Formation may only be amended by the affirmative vote of all the Members. Any such amendment shall be in writing and shall be executed and filed in accordance with the Act.

<u>Section 19.3</u> **<u>No Waiver</u>**. No consent or waiver, express or implied, by the Company or a Member to or of any breach or default by any Member in the performance by such Member of his or its obligations under this Agreement shall constitute a consent to or waiver of any similar breach or default by that or any other Member. Failure by the Company or a Member to complain of any act or omission to act by any Member, or to declare such Member in default, irrespective of how long such failure continues, shall not constitute a waiver by the Company or such Member of his or its rights under this Agreement.

<u>Section 19.4</u> **<u>Representation of Shares of Companies or Interests in Other Entities</u>** Any Manager, the president, any vice president or the secretary or any assistant secretary of this Company is authorized to vote, represent and exercise on behalf of this Company all rights incident to any and all shares of any other company or companies, or any interests in any other Person, standing in the name of this Company. The authority herein granted to said Managers or officers to vote or represent on behalf of this Company any and all shares held by this Company in any other company or companies, or any interests in any other Person, may be exercised either by such Managers or officers in person or by any other person authorized so to do by proxy or power of attorney duly executed by said Managers or officers.

In the event of any inconsistency in the actions taken by any Manager or by the president (or vice president) and secretary (or assistant secretary), the decision or action of a Manager shall prevail over any decision or action of an officer, and the decision or action of the president shall prevail over that of any other officer.

<u>Section 19.5</u> **<u>Third Parties</u>**. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

<u>Section 19.6</u> **<u>Severability</u>**. If one or more provisions of this Agreement are held by a proper court to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary and permitted by law, shall be severed herefrom, and the balance of this Agreement shall be enforceable in accordance with its terms.

<u>Section 19.7</u> **<u>Governing Law</u>** This Agreement shall be governed by and construed under the substantive laws of the State of Delaware, without regard to Delaware choice of law principles.

<u>Section 19.8</u> **<u>Dispute Resolution</u>**. In the event of any dispute or disagreement between the Parties as to the interpretation of any provision of this Agreement (or the performance of obligations hereunder), the matter, upon written request of either Party, shall be referred to representatives of the Parties for decision. The representatives shall promptly meet in a good faith effort to resolve the dispute. If the representatives do not agree upon a decision within thirty (30) calendar days after reference of the matter to them, any controversy, dispute or claim arising out of or relating in any way to this Agreement or the transactions arising hereunder shall be settled exclusively by arbitration in the City of Tampa, Florida. Such arbitration shall be administered by JAMS in accordance with its then prevailing commercial rules, by one independent and impartial arbitrator selected in accordance with such rules. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1 et seq. The fees and expenses of JAMS and the arbitrator shall be shared equally by the Parties and advanced by them from time to time as required; provided that at the conclusion of the arbitration, the arbitrator shall award costs and expenses (including the costs of the arbitration previously advanced and the fees and expenses of attorneys, accountants and other experts) to the prevailing party. No pre-arbitration discovery shall be permitted, except that the arbitrator shall have the power in his sole discretion, on application by any party, to order pre-arbitration examination solely of those witnesses and documents that any other party intends to introduce in its case-in-chief at the arbitration hearing. The Parties shall instruct the arbitrator to render his award within thirty (30) days following the conclusion of the arbitration hearing. The arbitrator shall not be empowered to award to any party any damages of the type not permitted to be recovered under this Agreement in connection with any dispute between or among the parties arising out of or relating in any way to this Agreement or the transactions arising hereunder, and each party hereby irrevocably waives any right to recover such damages. Notwithstanding anything to the contrary provided in this Section 19.8 and without prejudice to the above procedures, either Party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the arbitrator is selected and available to hear such party's request for temporary relief. The award rendered by the arbitrator shall be final and not subject to judicial review and judgment thereon may be entered in any court of competent jurisdiction. The decision of the arbitrator shall be in writing and shall set forth findings of fact and conclusions of law.

Section 19.9 **Notices**. Unless otherwise provided in this Agreement, any notice or other communication herein required or permitted to be given shall be in writing and shall be given by electronic communication, hand delivery, registered or certified mail, with proper postage prepaid, return receipt requested, or courier service regularly providing proof of delivery, addressed to the party hereto as provided as follows:

19.9.1 all communications intended for the Company shall be sent to its principal executive office to the attention of president (with a copy to the secretary); and

19.9.2 all communications intended for a Member shall be sent to the address of such Member set forth in ***Exhibit "1"*** to this Agreement, or such other address as such Member shall have provided to the Company for such purpose by notice served in accordance with this Section 19.9. All notices shall be sent as aforesaid or at any other address of which any of the foregoing shall have notified the others in any manner prescribed in this Section 19.9. For all purposes of this Agreement, a notice or communication will be deemed effective:

(A) if delivered by hand or sent by courier, on the day it is delivered unless that day is not a day upon which commercial banks are open for business in the city specified (a "Local Business Day") in the address for notice provided by the recipient, or if delivered after the close of business on a Local Business Day, then on the next succeeding Local Business Day;

(B) if sent by facsimile transmission, on the date transmitted, provided oral or written confirmation of receipt is obtained by the sender, unless the transmission

[redacted] LLC

and confirmation date is not a Local Business Day, in which case on the next succeeding Local Business Day;

(C) if sent by registered or certified mail, on the tenth (10th) Local Business Day after the date of mailing.

Section 19.10 **Titles and Subtitles** The titles of the sections and paragraphs of this Agreement are for convenience only and are not to be considered in construing this Agreement.

Section 19.11 **Currency**. Unless otherwise specified, all currency amounts in this Agreement refer to the lawful currency of the United States of America.

Section 19.12 **Counterparts** 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 instrument and shall become effective when there exist copies hereof which, when taken together, bear the authorized signatures of each of the parties hereto. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 19.13 **Preparation of Agreement**. This Agreement has been prepared by [redacted], Esq. (the "Law Firm"), counsel for [redacted] LLC in the course of its representation of it, and:

i. The members have been advised by the Law Firm that a conflict of interest exists among the members' individual interests; and

ii. The members have been advised by the Law Firm to seek the advice of independent counsel; and

iii. The members have been represented by independent counsel or have had the opportunity to seek such representation; and

iv. The Law Firm has not given any advice or made any representations to the members with respect to the tax consequences of this agreement; and

v. The members have been advised that the terms and provisions of this agreement may have tax consequences and the members have been advised by the Law Firm to seek independent counsel with respect thereto; and

vi. The members have been represented by independent counsel or have had the opportunity to seek such representation with respect to the tax consequences of this agreement.

IN WITNESS WHEREOF, [redacted] LLC, through its Manager, and the undersigned Members hereby execute this Operating Agreement effective as of as of March__28__, 2018.

MANAGER:

[redacted], LLC
a Delaware limited liability company

[redacted]

By:______________________________
[redacted], Manager

CLASS B MEMBERS:

[redacted], LLC
a Delaware limited liability company

By___[redacted]___
[redacted], Manager

EXHIBIT "1"

Names, Addresses and Capital Contributions of Members

Class A Members	Address	Class A Units	Capital Contributed
TBD			
Class B Members		**Class B Units**	**Capital Contributed**
[redacted], LLC [redacted], [redacted] [redacted], [redacted]		1000	$1000.00

EXHIBIT "2"

	Units	Capital Contributed	Unit Price	Percent Interest
Class A	4,250	$4,250,000 (if fully subscribed)	$1000.00	70%
Class B	1000	$1000	$1.00	30%
TOTALS:		$4,251,000 (if fully subscribed)		100.00%

EXHIBIT "3"

Manager

Name	Address
[redacted] LLC	[redacted], [redacted], [redacted]

[redacted]

LLC

FINANCIALS

[redacted]

[redacted], [redacted], [redacted], [redacted]

[redacted]

5 Year Projected P & L

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
2 Bed / 2 Bath	$430,056	$485,100	$514,800	$530,244	$546,151
3 Bed / 2 Bath	$955,944	$1,081,200	$1,142,400	$1,176,672	$1,211,972
Gross Potential Rent	$1,386,000	$1,566,300	$1,657,200	$1,706,916	$1,758,123
Vacancy/Collection Loss	15.00%	15.00%	8.00%	8.00%	8.00%
Total Revenue	$1,178,100	$1,331,355	$1,524,624	$1,570,363	$1,617,474
Expenses					
Advertising	$15,000	$15,000	$15,450	$15,913	$16,390
Admin Expense	$5,000	$5,000	$5,150	$5,304	$5,463
Payroll	$150,000	$150,000	$100,000	$103,000	$106,090
Insurance	$28,000	$28,000	$28,840	$29,705	$30,596
Pest Control	$1,000	$1,000	$1,030	$1,060	$1,092
Landscaping	$20,000	$20,000	$20,600	$21,218	$21,854
Trash Removal	$11,000	$11,000	$11,330	$11,669	$12,020
R&M	$70,700	$70,700	$72,821	$75,005	$77,255
Make Ready	$35,350	$35,350	$36,410	$37,502	$38,627
Snow Removal	$4,000	$4,000	$4,120	$4,243	$4,370
Taxes	$135,000	$145,000	$185,000	$190,550	$196,267
Utilities*	$10,000	$10,000	$10,300	$10,609	$10,927
Management Fees (3rd Party)	$47,124	$53,254	$60,985	$62,815	$64,699
CAPEX Reserve	$65,650	$65,650	$65,650	$65,650	$65,650
Total Expenses	$597,824	$613,954	$617,686	$634,248	$651,305
Net Operating Income	**$580,276**	**$717,401**	**$906,938**	**$936,115**	**$966,168**
Debt Service	**$371,963**	**$371,963**	**$371,963**	**$487,621**	**$615,635**
Cash Available for Distribution	**$208,313**	**$345,438**	**$534,975**	**$448,494**	**$350,533**

*Utilities are fully sub-metered throughout

LLC

5 YEAR PROJECTED RETURNS

					Sale*		
	1	2	3	4	5	Return $	Return %
Investment Account Balance	$100,000	$100,000	$100,000	$64,839	$64,839		
Property Distributions	$4,300	$7,500	$11,100	$8,235	$6,614	$37,749	
Cash on Cash Returns	4.3%	7.5%	11.1%	12.7%	10.2%		
Net Proceeds/Profits from Sale					$52,250	$52,250	
Return of Initial Investment (Refi)			$35,161		$64,839		
Ending Investment Account Balance	$100,000	$100,000	$64,839	$64,839	$0		
Total Return on Investment	$4,300	$7,500	$11,100	$8,235	$58,864	$89,999	90%
						Average Annual Return	18%
						Equity Multiple	1.9
						IRR	17%
						Average Cash on Cash Return	9%

*We anticipate a long-term hold (10+ years) but are using a 5-year sale for example purposes. Hold period depends on the market and the final decision about when to sell will be reviewed on a yearly basis in consideration of market and property performance. 10-year hold returns 11% average COC. Returns in excess of 17% IRR will be split 50/50. Distributions will be paid quarterly.

CURRENT BALANCE SHEET

[redacted] LLC Balance Sheet

3/31/2018

	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Assets						
Current Assets (Cash)	$1,000	$750,000	$400,000	$400,000	$400,000	$400,000
Real Estate Investments		$11,250,000	$11,600,000	$11,600,000	$11,600,000	$11,600,000
Total Assets	$1,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000
Liabilities and Owners Equity						
Real Estate Asset Equity	$1,000	$4,000,000	$4,000,000	$4,020,000	$4,172,000	$4,331,000
Bank Loan		$8,000,000	$8,000,000	$7,980,000	$7,828,000	$7,669,000
Total Liabilities and Equity	$1,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000

EXHIBIT D

SUBSCRIPTION AGREEMENT & INVESTOR SUITABILITY QUESTIONNAIRE

LLC

[redacted] LLC

[redacted], [redacted], [redacted], [redacted]

[redacted]

SUBSCRIPTION BOOKLET

[redacted] LLC
A Delaware Limited Liability Company

NO PUBLIC MARKET EXISTS WITH RESPECT TO MEMBERSHIP UNITS OFFERED HEREBY, AND NO ASSURANCES ARE GIVEN THAT ANY SUCH MARKET WILL DEVELOP. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD.

THIS SUBSCRIPTION BOOKLET HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE INVESTORS IN [redacted] LLC, AND CONSTITUTES AN OFFER ONLY TO THE PROSPECTIVE INVESTOR TO WHOM IT WAS DELIVERED. DISTRIBUTION OF THIS SUBSCRIPTION BOOKLET TO ANY PERSON OTHER THAN SUCH PROSPECTIVE INVESTOR AND THOSE PERSONS RETAINED TO ADVISE IT WITH RESPECT TO THE INVESTMENT IS UNAUTHORIZED.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THE SECURITIES DESCRIBED IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION"), NOR HAS THE COMMISSION OR ANY APPLICABLE STATE OR OTHER JURISDICTION'S SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NONE OF THE SECURITIES MAY BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE TRANSACTION EFFECTING SUCH DISPOSITION IS REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR AN EXEMPTION THEREFROM IS AVAILABLE AND THE COMPANY RECEIVES AN OPINION OF COUNSEL ACCEPTABLE TO IT THAT SUCH REGISTRATION IS NOT REQUIRED PURSUANT TO SUCH EXEMPTION.

This booklet contains documents that must be read, executed and returned if you wish to invest in [redacted] LLC, a Delaware limited liability company (the "Company"). You should consult with an attorney, accountant, investment advisor or other advisor regarding an investment in the Company and its suitability for you.

If you decide to invest, please fill out, sign and return the documents pertinent to you, as listed under each of the headings below.

For individuals the documents to be returned are:

- the execution page of the attached Subscription Agreement;
- the Suitability Statement for individuals;
- the execution page of the Operating Agreement

For entities the documents to be returned are:

- the execution page of the Subscription Agreement;
- the Suitability Statement for entities;
- whichever of Exhibits A (for partnerships and limited liability companies), B (for custodians, trustees and agents) or C (for corporations commonly referred to as S corporations) to the Subscription Agreement is relevant to you;
- the execution page of the Operating Agreement

What this booklet contains:

1. A Subscription Agreement and Suitability Statements:

The Subscription Agreement is the document by which you agree to subscribe for and purchase your limited liability company membership unit(s) in the Company (your "Interest" or "Unit(s)").

The Suitability Statements, which are incorporated in the Subscription Agreement and therefore are part of that agreement, are important and must be completed by each investor. Please read this section carefully.

Individuals should initial their answer to each of the questions in the Suitability Statement and also fill out and sign the execution page to the Subscription Agreement.

Entities should initial their answer to each of the questions in the Suitability Statement and also fill out and sign the execution page to the Subscription Agreement.

Investors that are entities must also complete whichever one of the following Exhibits to the Subscription Agreement is relevant to them:

a. If the Investor is a partnership or limited liability company, please include a copy of the partnership's governing instruments and a completed Exhibit A in the documents to be returned.

b. If the Investor is a custodian, trustee, or agent, please include a copy of the trust or other instrument and a completed Exhibit B in the documents to be returned.

c. If the investor is a corporation, please include a copy of the corporation's governing instruments, executed resolutions of the corporation's Board of Directors as specified in Exhibit C, and a completed Exhibit C in the documents to be returned.

2. A copy of the Operating Agreement

Investors must sign one copy of the Operating Agreement signature page. For convenience, a copy is included as part of this booklet. The form of the Operating Agreement is contained in its entirety as an Exhibit in the Private Placement Memorandum; there is no need to return the entire document to the Company.

PLEASE CAREFULLY REVIEW THESE DOCUMENTS AND THE COMPANY'S RELATED PRIVATE PLACEMENT MEMORANDUM

YOU SHOULD HAVE RECEIVED AND REVIEWED A PRIVATE PLACEMENT MEMORANDUM (THE "PPM", OR "MEMORANDUM") THAT CONTAINS INFORMATION ABOUT THIS OFFERING. AFTER YOU HAVE RECEIVED AND REVIEWED THE PPM, HAVE HAD AN OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION YOU REQUIRE CONCERNING THIS OFFERING AND HAVE DECIDED TO SUBSCRIBE FOR AND PURCHASE THE SECURITIES, YOU MUST COMPLETE THE SUBSCRIPTION AGREEMENT AND VERIFY THAT YOU ARE A SOPHISTICATED AND ACCREDITED INVESTOR. THE COMPANY'S MANAGER WILL REVIEW THIS INFORMATION AND WILL DETERMINE WHETHER YOU MEET THE QUALIFICATION AND SUITABILITY REQUIREMENTS FOR INVESTING IN THE COMPANY.

BY EXECUTING THE SUBSCRIPTION AGREEMENT, AS WELL AS THE SIGNATURE PAGE TO THE OPERATING AGREEMENT, EACH INVESTOR IS AGREEING TO BE BOUND BY THE TERMS OF THE SUBSCRIPTION AGREEMENT AND THE OPERATING AGREEMENT.

SUBSCRIPTION PROCEDURE

The Company is offering up to $4,000,000 of Membership Units in the Company at a price of $1,000 per Unit. Each investor must subscribe for a minimum dollar amount equal to at least $100,000 although the Manager may, in its sole discretion, waive this minimum. The Manager may, in its sole discretion, reject a proposed investment or limit the number of Membership Units to be purchased by an investor.

Checks for subscriptions to Membership Units offered hereunder should be made payable to [redacted] LLC and subscription funds shall be received directly by the Company.

The Company will notify each investor of the Company's acceptance or rejection of such investor's subscription after receipt and review of all documentation. If the Company does not accept your subscription, the escrow agent and/or the Company will return your subscription funds and the Company will return your subscription agreement.

SUBSCRIPTION AMOUNT

Your subscription amount should be either mailed or wired. All subscription documentation must be sent as follows:

Send all documents, checks and money orders to:

Attention: Private Placement Subscriptions
[redacted] LLC
[redacted], [redacted]
[redacted], [redacted]
[redacted]

Investors interested in wiring funds for subscription of Units should contact the Company for wiring instructions.

REGULATION D RULE 506(C) INVESTOR VERIFICATION STANDARDS AND PROTOCOLS

In purchasing securities through this Offering, the Company is obligated to verify your status as an accredited investor in accordance with Rule 501 of Regulation D. There are three primary methods the Company may employ to comply with the verification standards. Investors in this offering will need to provide the Company with verification that meets the standards and form using one or multiple methods as listed below:

Income: The Company may verify an individual's status as an accredited investor on the basis of income by reviewing copies of any IRS form that reports net income, such as Forms W-2 or 1099 (which are typically filed by an employer or other third party payor), or Forms 1040 filed by the prospective purchaser (with non-relevant information permitted to be redacted). Under this method, the Company must review IRS forms for the two most recent years and obtain a written representation from the prospective purchaser that he or she has a reasonable expectation of attaining the necessary income level for the current year. Where accredited investor status is based on joint income with the person's spouse, the IRS forms and representation must be provided with respect to both the purchaser and the spouse.

Net Worth: Under this method, the Company will need to review bank or brokerage statements or third-party appraisal reports to verify the purchaser's assets and a credit report to verify liabilities, in each case dated within the prior three months, and will need to obtain a written representation from the prospective purchaser that all liabilities have been disclosed. Where accredited investor status is based on joint net worth with the person's spouse, the asset and liability documentation and representation must be provided with respect to both the purchaser and the spouse.

Reliance on Determination by Specified Third Parties: The Company may satisfy the verification requirement if it obtains a written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney, or a certified public accountant that within the prior three months such person or entity has taken reasonable steps to verify that the purchaser is an accredited investor and has determined that the purchaser is an accredited investor.

Proper verification must be submitted with your subscription for securities in order for the Company to verify your suitability for investment and accept your subscription.

REGULATION D 506(C) MANDATED LEGENDS

Any historical performance data represents past performance.

Past performance does not guarantee future results;

Current performance may be different than the performance data presented;

The Company is not required by law to follow any standard methodology when calculating and representing performance data;

The performance of the Company may not be directly comparable to the performance of other private or registered funds or companies;

The securities are being offered in reliance on an exemption from the registration requirements, and therefore are not required to comply with certain specific disclosure requirements;

The Securities and Exchange Commission has not passed upon the merits of or approved the securities, the terms of the offering, or the accuracy of the materials.

SUBSCRIPTION AGREEMENT

To the Undersigned Purchaser:

[redacted] LLC, a Delaware limited liability company (the "Company"), hereby agrees with you (in the case of a subscription for the account of one or more trusts or other entities, "you" or "your" shall refer to the trustee, fiduciary or representative making the investment decision and executing this Subscription Agreement (this "Agreement"), or the trust or other entity, or both, as appropriate) as follows:

1) Sale and Purchase of Member Interest. The Company has been formed under the laws of the State of Delaware and is governed by a limited liability company Operating Agreement in substantially the form attached hereto as an Exhibit to the Private Placement Memorandum, as the same may be modified in accordance with the terms of any amendment thereto (the "Operating Agreement"). Capitalized terms used herein without definition have the meanings set forth in the Operating Agreement.

Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the respective parties contained herein:

- the Company agrees to sell to you, and you irrevocably subscribe for and agree to purchase from the Company, an interest as a member (a "Member") in the Company (an "Interest" or "Unit"); and

- the Company and its manager (the "Manager") agree that you shall be admitted as a Member, upon the terms and conditions, and in consideration of your agreement to be bound by the terms and provisions of the Operating Agreement and this Agreement, with a capital contribution in the amount equal to the amount set forth opposite your signature at the end of this Agreement (your "Capital Contribution").

Subject to the terms and conditions hereof and of the Operating Agreement, your obligation to subscribe and pay for your Interest shall be complete and binding upon the execution and delivery of this Agreement.

2) Other Subscriptions. The Company has entered into separate but substantially identical subscription agreements (the "Other Subscription Agreements" and, together with this Agreement, the "Subscription Agreements") with other purchasers (the "Other Purchasers"), providing for the sale to the Other Purchasers of Membership Units and the admission of the Other Purchasers as Members. This Agreement and the Other Subscription Agreements are separate agreements, and the sales of Membership Units to you and the Other Purchasers are to be separate sales.

3) Closing. The closing (the "Closing") of the sale to you and your subscription for and purchase by you of an Interest, and your admission as a Member shall take place at the discretion of the Manager. At the Closing, and upon satisfaction of the conditions set out in this Agreement, the Manager will list you as a Member on Schedule A of the Operating Agreement.

4) Conditions Precedent to Your Obligations.

a) The Conditions Precedent. Your obligation to subscribe for your Interest and be admitted as a Member at the Closing is subject to the fulfillment (or waiver by you), prior to or at the time of the Closing, of the following conditions:

i) Operating Agreement. The Operating Agreement shall have been duly authorized, executed and delivered by or on behalf of the Manager. Each Other Purchaser that is to be admitted as a Member as the Closing shall have duly authorized, executed and delivered a counterpart of the Operating Agreement or authorized its execution and delivery on its behalf. The Operating Agreement shall be in full force and effect.

ii) Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects when made and at the time of the Closing, except as affected by the consummation of the transactions contemplated by this Agreement or the Operating Agreement

iii) Performance. The Company shall have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

iv) Legal Investment. On the Closing Date your subscription hereunder shall be permitted by the laws and regulations applicable to you.

b) Nonfulfillment of Conditions. If at the Closing any of the conditions specified shall not have been fulfilled, you shall, at your election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights you may have by reason of such nonfulfillment. If you elect to be relieved of your obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement shall be null and void as to you and the power of attorney contained herein shall be used only to carry out and effect the actions required by this sentence, and the Company shall take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

5) Conditions Precedent to the Company's Obligations.

a) The Conditions Precedent. The obligations of the Company and the Manager to issue to you the Interest and to admit you as a

[redacted] LLC

Member at the Closing shall be subject to the fulfillment (or waiver by the Company) prior to or at the time of the Closing, of the following conditions:

i) Operating Agreement. Any filing with respect to the formation of the Company required by the laws of the State of Delaware shall have been duly filed in such place or places as are required by such laws. A counterpart of the Operating Agreement shall have been duly authorized, executed and delivered by or on behalf of you and each of such Other Purchasers. The Operating Agreement shall be in full force and effect.

ii) Representations and Warranties. The representations and warranties made by you shall be true and correct when made and at the time of the Closing.

iii) Performance. You shall have duly performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by you prior to or at the time of the Closing.

b) Nonfulfillment of Conditions. If at the Closing any of the conditions specified shall not have been fulfilled,the Company shall, at the Manager's election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights it may have by reason of such nonfulfillment. If the Manager elects for the Company to be relieved of its obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement shall be null and void as to you and the power of attorney contained herein shall be used only to carry out and effect the actions required by this sentence, and the Company shall take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

6) Representations and Warranties of the Company.

a) The Representations and Warranties. The Company represents and warrants that:

i) Formation and Standing. The Company is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted as described in the Private Placement Memorandum relating to the private offering of Membership Units by the Company (together with any amendments and supplements thereto, the "Offering Memorandum"). The Manager is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite limited liability company power and authority to act as Manager of the Company and to carry out the terms of this Agreement and the Operating Agreement applicable to it.

ii) Authorization of Agreement, Etc. The execution and delivery of this Agreement has been authorized by all necessary action on behalf of the Company and this Agreement is a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution and delivery by the Manager of the Operating Agreement has been authorized by all necessary action on behalf of the Manager and the Operating Agreement is a legal, valid and binding agreement of the Manager, enforceable against the Manager in accordance with its terms.

iii) Compliance with Laws and Other Instruments. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Operating Agreement, or any agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Company or its business or properties. The execution and delivery of the Operating Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the limited liability company operating agreement of the Manager, or any agreement or instrument to which the Manager is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Manager or its businesses or properties.

iv) Offer of Membership Units. Neither the Company nor anyone acting on its behalf has taken any action that would subject the issuance and sale of the Membership Units to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act").

v) Investment Company Act. The Company is not required to register as an "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Manager is not required to register as an "investment adviser" under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

vi) Company Liabilities; Litigation. Prior to the date hereof, the Company has not incurred any material liabilities other than liabilities in respect of organizational expenses. There is no action, proceeding or investigation pending or, to the knowledge of the Manager or the Company, threatened against the Manager or the Company.

vii) Disclosure. The Offering Memorandum, when read in conjunction with this Agreement and the Operating Agreement, does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

b) Survival of Representations and Warranties. All representations and warranties made by the Company shall survive the execution and delivery of this Agreement, any investigation at any time made by you or on your behalf and the issue and sale of Membership Units.

7) Representations and Warranties of the Purchaser.

a) The Representations and Warranties. You represent and warrant to the Manager, the Company and each other Person that is, or in the future becomes, a Member that each of the following statements is true and correct as of the Closing Date:

i) Accuracy of Information. All of the information provided by you to the Company and the Manager is true, correct and complete in all respects. Any other information you have provided to the Manager or the Company about you is correct and complete as of the date of this Agreement and at the time of Closing.

ii) Offering Memorandum; Advice. You have either consulted your own investment adviser, attorney or accountant about the investment and proposed purchase of an Interest and its suitability to you, or chosen not to do so, despite the recommendation of that course of action by the Manager. Any special acknowledgment set forth below with respect to any statement contained in the Offering Memorandum shall not be deemed to limit the generality of this representation and warranty.

(1) You have received a copy of the Offering Memorandum and the form of the Operating Agreement and you understand the risks of, and other considerations relating to, a purchase of Membership Units, including the risks set forth under the caption "Risk Factors" in the Offering Memorandum. You have been given access to, and prior to the execution of this Agreement you were provided with an opportunity to ask questions of, and receive answers from, the Manager or any of its principals concerning the terms and conditions of the offering of Membership Units, and to obtain any other information which you and your investment representative and professional advisors requested with respect to the Company and your investment in the Company in order to evaluate your investment and verify the accuracy of all information furnished to you regarding the Company. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory.

iii) Investment Representation and Warranty. You are acquiring your Interest for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds of which you are trustee as to which you are the sole qualified professional asset manager within the meaning of Prohibited Transaction Exemption 84-14 (a "QPAM") for the assets being contributed hereunder, in each case not with a view to or for sale in connection with any distribution of all or any part of such Interest. You hereby agree that you will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of such Interest (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Interest) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Operating Agreement. If you are purchasing for the account of one or more pension or trust funds, you represent that (except to the extent you have otherwise advised the Company in writing prior to the date hereof) you are acting as sole trustee or sole QPAM for the assets being contributed hereunder and have sole investment discretion with respect to the acquisition of the Interest to be purchased by you pursuant to this Agreement, and the determination and decision on your behalf to purchase such Interest for such pension or trust funds is being made by the same individual or group of individuals who customarily pass on such investments, so that your decision as to purchases for all such funds is the result of such study and conclusion.

iv) Representation of Investment Experience and Ability to Bear Risk. You (i) are knowledgeable and experienced with respect to the financial, tax and business aspects of the ownership of an Interest and of the business contemplated by the Company and are capable of evaluating the risks and merits of purchasing an Interest and, in making a decision to proceed with this investment, have not relied upon any representations, warranties or agreements, other than those set forth in this Agreement, the Offering Memorandum and the Operating Agreement, if any; and (ii) can bear the economic risk of an investment in the Company for an indefinite period of time, and can afford to suffer the complete loss thereof.

v) Accredited Investor. You are an "Accredited" investor within the meaning of Section 501 of Regulation D promulgated under the Securities Act.

vi) No Investment Company Issues. If you are an entity, (i) you were not formed, and are not being utilized, primarily for the purpose of making an investment in the Company and (ii) either (A) all of your outstanding securities (other than short-term paper) are beneficially owned by one Person, (B) you are not an investment company under the Investment Company Act or a "private investment company" that avoids registration and regulation under the Investment Company Act based on the exclusion provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, or (C) you have delivered to the Manager a representation and covenant as to certain matters under the Investment Company Act satisfactory to the Manager.

vii) Certain ERISA Matters. You represent that:

(1) except as described in a letter to the Manager dated at least five (5) days prior to the date hereof, no part of the funds used by you to acquire an Interest constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of ERISA, either directly or indirectly through one or more entities whose underlying as sets include plan assets by reason of a plan's investment in such entities (including insurance company separate accounts, insurance company general accounts or bank collective investment funds, in which any such employee benefit plan (or its related trust) has any interest); or

(2) if an Interest is being acquired by or on behalf of any such plan (any such purchaser being referred to herein as an "ERISA Member"), (A) such acquisition has been duly authorized in accordance with the governing holding of the Interest do not and will not constitute a "non-exempt prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (i.e., a transaction that is not subject to an exemption contained

in ERISA or in the rules and regulations adopted by the U.S. Department of Labor (the "DOL") thereunder). The foregoing representation shall be based on a list of the Other Purchasers to be provided by the Manager to each ERISA Member prior to the Closing. You acknowledge that the manager of the Company, is not registered as an "investment adviser" under the Investment Advisers Act and that as a Member you will have no right to withdraw from the Company except as specifically provided in the Operating Agreement. If, in the good faith judgment of the Manager, the assets of the Company would be "plan assets" (as defined in DOL Reg. § 2510.3-101 promulgated under ERISA, as it may be amended from time to time) of an employee benefit plan (assuming that the Company conducts its business in accordance with the terms and conditions of the Operating Agreement and as described in the Offering Memorandum), then the Company and each ERISA Member will use their respective best efforts to take appropriate steps to avoid the Manager's becoming a "fiduciary" (as defined in ERISA) as a result of the operation of such regulations. These steps may include (x) selling your Interest (if you are an ERISA Member) to a third party which is not an employee benefit plan, or (y) making any appropriate applications to the DOL, but the Manager shall not be required to register as an "investment adviser" under the Advisers Act.

(a) If you are an ERISA member, you further understand, agree and acknowledge that your allocable share of income from the Company may constitute "unrelated business taxable income" ("UBTI") within the meaning of section 512(a) of the Code and be subject to the tax imposed by section 511(a)(1) of the Code. You further understand, agree and acknowledge that the Company neither makes nor has made any representation to it as to the character of items of income (as UBTI or otherwise) allocated (or to be allocated) to its members (including ERISA Members) for federal, state, or local income tax purposes. You (prior to becoming a member of the Company) have had the opportunity to consider and discuss the effect of your receipt of UBTI with independent tax counsel of your choosing, and upon becoming a member of the Company voluntarily assume the income tax and other consequences resulting from the treatment of any item of the Company's income allocated to you as UBTI. The Company shall not be restricted or limited in any way, or to any degree, from engaging in any business, trade, loan, or investment that generates or results in the allocation of UBTI to you or any other ERISA Member, nor shall the Company have any duty or obligation not to allocate UBTI to you or any other ERISA Member. You hereby release the Company and all of its other members from any and all claims, damages, liability, losses, or taxes resulting from the allocation to you by the Company of UBTI.

viii) Suitability. You have evaluated the risks involved in investing in the Membership Units and have determined that the Membership Units are a suitable investment for you. Specifically, the aggregate amount of the investments you have in, and your commitments to, all similar investments that are illiquid is reasonable in relation to your net worth, both before and after the subscription for and purchase of the Membership Units pursuant to this Agreement.

ix) Transfers and Transferability. You understand and acknowledge that the Membership Units have not been registered under the Securities Act or any state securities laws and are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and, therefore, cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. You also understand that the Company does not have any obligation or intention to register the Membership Units for sale under the Securities Act, any state securities laws or of supplying the information which may be necessary to enable you to sell Membership Units; and that you have no right to require the registration of the Membership Units under the Securities Act, any state securities laws or other applicable securities regulations. You also understand that sales or transfers of Membership Units are further restricted by the provisions of the Operating Agreement.

(1) You represent and warrant further that you have no contract, understanding, agreement or arrangement with any person to sell or transfer or pledge to such person or anyone else any of the Membership Units for which you hereby subscribe (in whole or in part); and you represent and warrant that you have no present plans to enter into any such contract, undertaking, agreement or arrangement.

(2) You understand that the Membership Units cannot be sold or transferred without the prior written consent of the Manager, which consent may be withheld in its sole and absolute discretion and which consent will be withheld if any such transfer could cause the Company to become subject to regulation under federal law as an investment company or would subject the Company to adverse tax consequences.

(3) You understand that there is no public market for the Membership Units; any disposition of the Membership Units may result in unfavorable tax consequences to you.

(4) You are aware and acknowledge that, because of the substantial restrictions on the transferability of the Membership Units, it may not be possible for you to liquidate your investment in the Company readily, even in the case of an emergency.

x) Residence. You maintain your domicile at the address shown in the signature page of this Subscription Agreement and you are not merely transient or temporarily resident there.

xi) Publicly-Traded Company. By the purchase of a Membership Unit in the Company, you represent to the Manager and the Company that (i) you have neither acquired nor will you transfer or assign any Unit you purchase (or any interest therein) or cause any such Membership Units (or any interest therein) to be marketed on or through an “established securities market” or a “secondary market” (or the substantial equivalent thereof) within the meaning of Section 7704(b)(1) of the Code, including, without limitation, an over the-counter-market or an interdealer quotation, system that regularly disseminates firm buy or sell quotations; and (ii) you either (A) are not, and will not become, a partnership, Subchapter S corporation, or grantor trust for U.S. Federal income tax purposes, or (B) are such an entity, but none of the direct or indirect beneficial owners of any of the

Membership Units in such entity have allowed or caused, or will allow or cause, 80 percent or more (or such other percentage as the Manager may establish) of the value of such Membership Units to be attributed to your ownership of Membership Units in the Company. Further, you agree that if you determine to transfer or assign any of your Interest pursuant to the provisions of the Operating Agreement you will cause your proposed transferee to agree to the transfer restrictions set forth therein and to make the representations set forth in (i) and (ii) above.

xii) Awareness of Risks; Taxes. You represent and warrant that you are aware (i) that the Company has limited operating history; (ii) that the Membership Units involve a substantial degree of risk of loss of its entire investment and that there is no assurance of any income from your investment; and (iii) that any federal and/or state income tax benefits which may be available to you may be lost through the adoption of new laws or regulations, to changes to existing laws and regulations and to changes in the interpretation of existing laws and regulations. You further represent that you are relying solely on your own conclusions or the advice of your own counsel or investment representative with respect to tax aspects of any investment in the Company.

xiii) Capacity to Contract. If you are an individual, you represent that you are over 21 years of age and have the capacity to execute, deliver and perform this Subscription Agreement and the Operating Agreement. If you are not an individual, you represent and warrant that you are a corporation, partnership, association, joint stock company, trust or unincorporated organization, and were not formed for the specific purpose of acquiring an Interest.

xiv) Power, Authority; Valid Agreement. (i) You have all requisite power and authority to execute, deliver and perform your obligations under this Agreement and the Operating Agreement and to subscribe for and purchase or otherwise acquire your Membership Units; (ii) your execution of this Agreement and the Operating Agreement has been authorized by all necessary corporate or other action on your behalf; and (iii) this Agreement and the Operating Agreement are each valid, binding and enforceable against you in accordance with their respective terms.

xv) No Conflict: No Violation. The execution and delivery of this Agreement and the Operating Agreement by you and the performance of your duties and obligations hereunder and thereunder (i) do not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under (A) any charter, by-laws, trust agreement, partnership agreement or other governing instrument applicable to you, (B) (1) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement or understanding, or (2) any license, permit, franchise or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject; (ii) do not require any authorization or approval under or pursuant to any of the foregoing; or (iii) do not violate any statute, regulation, law, order, writ, injunction or decree to which you or any of your Affiliates is subject.

xvi) No Default. You are not (i) in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement or condition contained in (A) this Agreement or the Operating Agreement, (B) any provision of any charter, by- laws, trust agreement, partnership agreement or other governing instrument applicable to you, (C) (1) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement or understanding, or (2) any license, permit, franchise or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject, or (ii) in violation of any statute, regulation, law, order, writ, injunction, judgment or decree applicable to you or any of your Affiliates.

xvii) No Litigation. There is no litigation, investigation or other proceeding pending or, to your knowledge, threatened against you or any of your Affiliates which, if adversely determined, would adversely affect your business or financial condition or your ability to perform your obligations under this Agreement or the Operating Agreement.

xviii) Consents. No consent, approval or authorization of, or filing, registration or qualification with, any court or Governmental Authority on your part is required for the execution and delivery of this Agreement or the Operating Agreement by you or the performance of your obligations and duties hereunder or thereunder.

b) Survival of Representations and Warranties. All representations and warranties made by you in Section 8.1 of this Agreement shall survive the execution and delivery of this Agreement, as well as any investigation at any time made by or on behalf of the Company and the issue and sale of Membership Units.

c) Reliance. You acknowledge that your representations, warranties, acknowledgments and agreements in this Agreement will be relied upon by the Company in determining your suitability as a purchaser of Membership Units.

d) Further Assurances. You agree to provide, if requested, any additional information that may be requested or required to determine your eligibility to purchase the Membership Units.

e) Indemnification. You hereby agree to indemnify the Company and any Affiliates and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss") due to or arising out of a breach or representation, warranty or agreement by you, whether contained in this Subscription Agreement (including the Suitability Statements) or any other document provided by you to the Company in connection with your investment in the Membership Units. You hereby agree to indemnify the Company and any Affiliates and to hold them harmless against all Loss arising out of the sale or distribution of the Membership Units by you in violation of the Securities Act or other applicable law or any misrepresentation or breach by you with respect to the matters set forth in this Agreement. In addition, you agree to indemnify the Company and any Affiliates and to hold such Persons harmless from and against, any and all Loss, to which they may be put or which they may reasonably incur or sustain by reason of or in connection with any misrepresentation made by you with respect to the matters about which representations and warranties are required by the terms of this Agreement, or any breach of any such warranty or any failure to fulfill any covenants or agreements set forth herein or included in and as defined in the Offering Memorandum. Notwithstanding any provision of this Agreement, you do not waive any right granted to you under any applicable state securities law.

8) Certain Agreements and Acknowledgments of the Purchaser.

a) Agreements. You understand, agree and acknowledge that:

i) Acceptance. Your subscription for Membership Units contained in this Agreement may be accepted or rejected, in whole or in part, by the Manager in its sole and absolute discretion. No subscription shall be accepted or deemed to be accepted until you have been admitted as a Member in the Company on the Closing Date; such admission shall be deemed an acceptance of this Agreement by the Company and the Manager for all purposes.

ii) Irrevocability. Except as provided and under applicable state securities laws, this subscription is and shall be irrevocable, except that you shall have no obligations hereunder if this subscription is rejected for any reason, or if this offering is canceled for any reason.

iii) No Recommendation. No foreign, federal, or state authority has made a finding or determination as to the fairness for investment of the Membership Units and no foreign, federal or state authority has recommended or endorsed or will recommend or endorse this offering.

iv) No Disposal. You will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of your Interest (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Interest) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws and with the terms of the Operating Agreement.

v) Update Information. If there should be any change in the information provided by you to the Company or the Manager (whether pursuant to this Agreement or otherwise) prior to your purchase of any Membership Units, you will immediately furnish such revised or corrected information to the Company.

9) General Contractual Matters.

a) Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of you and the Company.

b) Assignment. You agree that neither this Agreement nor any rights, which may accrue to you hereunder, may be transferred or assigned.

c) Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to any party when delivered by hand, when delivered by facsimile, or when mailed, first class postage prepaid, (a) if to you, to you at the address or telecopy number set forth below your signature, or to such other address or telecopy number as you shall have furnished to the Company in writing, and (b) if to the Company, to it c/o [redacted] LLC, [redacted], [redacted], [redacted], [redacted], Attention: Investor Relations or to such other address or addresses, or telecopy number or numbers, as the Company shall have furnished to you in writing, provided that any notice to the Company shall be effective only if and when received by the Manager.

d) Governing law. This agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to principles of conflict of laws (except insofar as affected by the securities or "blue sky" laws of the State or similar jurisdiction in which the offering described herein has been made to you).

e) Descriptive Headings. The descriptive headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

f) Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

h) Joint and Several Obligations. If you consist of more than one Person, this Agreement shall consist of the joint and several obligation of all such Persons.

i) Regulation D Resources Enterprises, Inc. ("RDR"), a North Carolina corporation, acted as an advisor to the Issuer in this Offering. The Purchaser agrees to, and hereby shall indemnify RDR and any RDR Affiliates, and shall hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss") due to the Purchaser's investment in this Offering. The Purchaser does hereby release and forever discharge RDR, their agents, employees, successors and assigns, and their respective heirs, personal representatives, affiliates, successors and assigns, and any and all persons, firms or corporations liable or who might be claimed to be liable, whether or not herein named, none of whom admit any liability to the undersigned, but all expressly denying liability, from any and all claims, demands, damages, actions, causes of action or suits of any kind or nature whatsoever, which the Purchaser may now have or may hereafter have, arising out of or in any way relating to any and all injuries, economic or emotional loss, and damages of any and every kind, to both person and property, corporately and individually, and also any and all damages that may develop in the future, as a result of or in any way relating to the Purchaser's investment in this Offering.

(Remainder of the page intentionally left blank)

1) Suitability Statements. The truth, correctness and completeness of the following information supplied by you is warranted pursuant to the above:

FOR INDIVIDUALS

Printed Name of Purchaser: ____

MARK TRUE OR FALSE OR COMPLETE, AS APPROPRIATE

Verification of Status as "Accredited Investor" under Regulation D

True **False**

1. ____ ____ You are a natural person (individual) whose own net worth, taken together with the net worth of your spouse, exceeds $1,000,000. Net worth for this purpose means total assets (including personal property and other assets) in excess of total liabilities EXCLUDING your primary residence.

Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:

(i) The person's primary residence shall not be included as an asset;

(ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability

2. ____ ____ You are a natural person (individual) who had an individual income in excess of $200,000 in each of the two previous years, or joint income with your spouse in excess of $300,000 in each of those years, and who reasonably expects to reach the same income level in the current year.

3. ____ ____ You are a director, executive officer, or Manager of the Company or a director, executive officer of the Manager of the Company.

4. ____ ____ You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of investing in the Membership Units.

Disclosure of Foreign Citizenship

True **False**

1. ____ ____ You are a citizen of a country other than the United States.

If the answer to the preceding question is true, specify on the line below the country of which you are a citizen.

____

FOR ENTITIES

Printed Name of Purchaser: ____

MARK TRUE OR FALSE OR COMPLETE, AS APPROPRIATE

Verification of Status as “Accredited Investor” under Regulation D

	True	**False**	
1.	____	____	You are either :

(i) a bank, or any savings and loan association or other institution acting in its individual or fiduciary capacity;
(ii) a broker dealer;
(iii) an insurance company;
(iv) an investment company or a business development company under the Investment Company Act of 1940;
(v) a Small Business Investment Company licensed by the U.S. Small Business Administration; or
(vi) an employee benefit plan whose investment decision is being made by a plan fiduciary, which is either a bank, savings and loan association, insurance company or registered investment adviser, or an employee benefit plan whose total assets are in excess of $5,000,000 or a self-directed employee benefit plan whose investment decisions are made solely by persons that are accredited investors.

2. ____ ____ You are a private business development company as defined under the Investment Advisers Act of 1940.

3. ____ ____ You are either:

(i) an organization described in Section 501(c)(3) of the Internal Revenue Code;
(ii) a corporation;
(iii) a Massachusetts or similar business trust; or
(iv) a partnership, in each case not formed for the specific purpose of acquiring the securities offered and in each case with total assets in excess of $5,000,000.

4. ____ ____ You are an entity as to which all the equity owners are accredited investors.

True **False**

5. ____ ____ You are a trust, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000 and whose purchase is directed by a sophisticated person.

6. ____ ____ You (i) were not formed, and (ii) are not being utilized, primarily for the purpose of making an investment in the Company (and investment in this Company does not exceed 40% of the aggregate capital committed to you by your partners, shareholders or others).

7. ____ ____ You are, or are acting on behalf of, (i) an employee benefit plan within the meaning of Section 3(3) of ERISA, whether or not-such plan is subject to ERISA; or (ii) an entity which is deemed to hold the assets of any such employee benefit plan pursuant to 29 C.F.R. § 2510.3-101. For example, a plan that is maintained by a foreign corporation, governmental entity or church, a Keogh plan covering no common-law employees and an individual retirement account are employee benefit plans within the meaning of Section 3(3) of ERISA but generally are not subject to ERISA.

8. ____ ____ You are, or are acting on behalf of, such an employee benefit plan, or are an entity deemed to hold the assets of any such plan or plans (i.e., you are subject to ERISA).

9. ____ ____ You are a U.S. pension trust or governmental plan qualified under Section 401(a) of the Code or a U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code.

10. ____ ____ You rely on the "private investment company" exclusion provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 to avoid registration and regulation under such Act.

Disclosure of Foreign Citizenship

	True	False	
1.	____	____	You are an entity organized under the laws of a jurisdiction other than those of the United States or any state, territory or possession of the United States (a "Foreign Entity").
2.	____	____	You are a government other than the government of the United States or of any state, territory or possession of the United States (a "Foreign Government").
3.	____	____	You are a corporation of which, in the aggregate, more than one-fourth of the capital stock is owned of record or voted by Foreign Citizens, Foreign Entities, Foreign Corporations (as defined below) or Foreign Company (as defined below) (a "Foreign Corporation").
4.	____	____	You are a general or limited partnership of which any general or limited partner is a Foreign Citizen, Foreign Entity, Foreign Government, Foreign Corporation or Foreign Company (as defined below) (a "Foreign Company").
5.	____	____	You are a representative of, or entity controlled by, any of the entities listed in items 1 through 4 above.

If you are in agreement with the foregoing, please sign the enclosed counterparts of this Subscription Agreement and return such counterparts of this Agreement to the Manager.

[redacted] LLC

____

By: [redacted] LLC, Managing Member and Manager

(Signature and Information of Purchaser(s) on the following page)

The foregoing Subscription Agreement is hereby agreed to by the undersigned as of the date indicated below.

____

Registered Account Name (Please Print)

____

Registered Account Address (Street, City, State, Zip Code)

____

Mailing Address (Fill in Mailing Address only if different from Registered Account Address)

Email Address: _________________ Primary Phone: __________________

_______ Private Placement Memorandum (PPM) received and reviewed. Subscriber or Authorized Representative (if not an individual), please "initial".

TOTAL CAPITAL CONTRIBUTION $_________________TOTAL MEMBERSHIP UNITS PURCHASED:___________

____

Social Security or Taxpayer I.D. No. (Must be completed)

State in which Subscription Agreement signed if other than state of residence: ___________

By: ____ Date: _________

Signature of Subscriber or Authorized Representative (if not an individual)

SIGNATURE VERIFICATION

By:____ Date:_________

Witness

EXHIBIT A
TO SUBSCRIPTION AGREEMENT

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A PARTNERSHIP OR LIMITED LIABILITY COMPANY

CERTIFICATE OF _______________________________________ (the "Partnership")
(Name of Company)

The undersigned, constituting all of the partners/members of the Partnership that must consent to the proposed investment by the Partnership hereby certify as follows:

1. That the Partnership commenced business on and was established under the laws of the State of __________________________ on _______________________ and is governed by a Partnership/Operating Agreement dated ________________________.

2. That, as the partners/members of the Partnership, we have the authority to determine, and have determined, (i) that the investment in, and the purchase of an interest in [redacted] LLC is of benefit to the Partnership, and (ii) to make such investment on behalf of the Partnership.

3. That ___________________________ is authorized to execute all necessary documents in connection with our investment in [redacted] LLC.

IN WITNESS WHEREOF, we have executed this certificate as the partners of the Partnership effective as of _____________, 20__, and declare that it is truthful and correct.

____
(Name of Partnership)

By:_____________________________________	By:_____________________________________
Name: __________________________________	Name: __________________________________
Title: __________________________________	Title: __________________________________

EXHIBIT B
TO SUBSCRIPTION AGREEMENT

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A TRUST

CERTIFICATE OF ________________________________ (the "Trust")
(Name of Trust)

The undersigned, constituting all of the trustees of the Trust, hereby certify as follows:

1. That the Trust was established pursuant to a Trust Agreement dated __________, ____ (the "Agreement").

2. That, as the trustee(s) of the Trust, we have determined that the investment in, and the purchase of, Membership Units in [redacted] LLC is of benefit to the Trust and have determined to make such investment on behalf of the Trust.

3. That __________________________ is authorized to execute, on behalf of the Trust, any and all documents in connection with the Trust's investment in [redacted] LLC.

IN WITNESS THEREOF, we have executed this certificate as the trustee(s) of the Trust this _____day of _________________, 20__, and declare that it is truthful and correct.

____
(Name of Trust))

By:_____________________________________
Trustee

By:_____________________________________
Trustee

By:_____________________________________
Trustee

EXHIBIT C
TO SUBSCRIPTION AGREEMENT

CERTIFICATE TO BE GIVEN BY ANY PURCHASE THAT IS A CORPORATION

CERTIFICATE OF ____ (the "Corporation")
(Name of Corporation)

The undersigned, being the duly elected and acting Secretary or Assistant Secretary of the Corporation, hereby certifies as follows:

1. That the Corporation commenced business on and was incorporated under the laws of the State of __________ on ________________________.

2. That the Board of Directors of the Corporation has determined, or appropriate officers under authority of the Board of Directors have determined, that the investment in, and purchase of, the Membership Units in [redacted] LLC is of benefit to the Corporation and has determined to make such investment on behalf of the Corporation. Attached hereto is a true, correct and complete copy of resolutions of the Board of Directors (or an appropriate committee thereof) of the Corporation duly authorizing this investment, and said resolutions have not been revoked, rescinded or modified and remain in full force and effect.

3. That the following named individuals are duly elected officers of the Corporation, who hold the offices set opposite their respective names and who are duly authorized to execute any and all documents in connection with the Corporation's investment in [redacted] LLC and that the signatures written opposite their names and titles are their correct and genuine signatures.

Name	Title	Signature

IN WITNESS WHEREOF, I have executed this certificate this _____ day of ___________ , 20____ and declared that it is truthful and correct.

____
(Name of Corporation)

By: _________________________________

Name: ______________________________

Title: _______________________________

Subscriber Information - Self-Directed IRA Investment Only

IF YOU ARE SUBSCRIBING VIA YOUR SELF-DIRECTED INDIVIDUAL RETIREMENT ACCOUNT, HAVE YOUR CUSTODIAN COMPLETE THIS IRA CUSTODIAN SECTION OF THIS PAGE AFTER YOU COMPLETE THE REST OF THE SUBSCRIPTION AGREEMENT AND INSERT YOUR PERSONAL INFORMATION BELOW.

The undersigned herewith subscribes for the number of Units or Interests set forth below. By signing below, I expressly agree that the electronic signature below (if applicable) or my natural signature below constitutes my signature, and my acceptance and agreement to both the Subscription Agreement and the Operating Agreement as if each of these documents were actually signed by me manually in writing.

I further declare, by my signature below, under penalty of perjury under the laws of the State of Residence provided below, that the foregoing is true and correct.

SUBSCRIBER/ACCOUNT HOLDER:	IRA CUSTODIAN:
Printed Name:	Printed Name:
Street Address:	Street Address:
City & State:	City & State:
Zip Code:	Zip Code:
Phone:	Phone:
Email:	Email:
State of Resident:	Other Information:
SSN:	Reference No. (If Applicable):
Date:	Date:
Signature:	Signature:

Community Property Waiver

TO WHOM THIS APPLIES: ONLY COMPLETE THIS SECTION IF YOU ARE MARRIED AND ACQUIRING INTERESTS (OF ANY CLASS) AS YOUR SOLE AND SEPARATE PROPERTY. IF SO, YOU MUST HAVE YOUR SPOUSE COMPLETE THIS COMMUNITY PROPERTY WAIVER AND THE ATTACHED NOTARY ACKNOWLEDGMENT FORM AND RETURN IT TO THE MANAGER:

Note: This applies only to residents of Community Property states including Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, Wisconsin or Puerto Rico.

WAIVER OF COMMUNITY PROPERTY BY SPOUSE

Name of Member: ____

(a) __________________________________ **[Name of spouse]** agrees that all property of any nature or in any place, including but not limited to the earnings and income resulting from the personal services, skill, effort, and work belonging to, acquired by or coming to _____________________________ **[Name of Member]** during the marriage; but only relating to any such earnings and income related to and derived from [redacted] LLC; shall be the separate property of Member, and shall be subject to his/her disposition as separate property, in the same manner as if no marriage had been entered into.

(b) __________________________________ [Name of spouse] acknowledges that, except for this Agreement, the earnings and income resulting from the personal services of ______________________ [Name of Member] during the marriage (again, only relating only to such earnings and income related to and derived from [redacted] LLC) would otherwise be community property in which _____________________________________ [name of spouse] would have a one-half Interest, but that by this Agreement those earnings and income are made the separate property of ___________________________ [Name of Member].

(c) __________________________________ **[Name of spouse]** waives and releases any and all equitable or legal claims and rights, actual, inchoate, or contingent that he or she may acquire in the separate property of the other by reason of their marriage (again, only relating only to such earnings and income related to and derived from [redacted] LLC), including but not limited to:

(1) The right to a family allowance; (2) The right to a probate homestead; (3) The right to claims of dower, courtesy, or any statutory substitutes provided by the laws of the state in which the parties or either of them die, domiciled, or in which they own real property; (4) The right of election to take against the will of the other; (5) The right to a distributive share in the estate of the other should he or she die intestate; (6) The right to declare a homestead in the separate property of the other; and (7) The right to act as estate administrator of the other.

Dated: ______________ ____

[Signature of Spouse]

[redacted]

[redacted] LLC
[redacted], [redacted]
[redacted]