MARA POLING
TOTAL RETURN FUND II

DISCLAIMER

Mara Poling Total Return Fund II LLC (the "Fund"), Mara Poling LLC, JLBP Capital LLC, Poling Family Enterprises LLC, and Mara Poling are not registered broker / dealers or registered investment advisers. The contents of this presentation are for informative purposes only and should not be construed as representative or indicative of future or past performance.

This communication is intended only for those persons with an in-depth understanding of the high-risk nature of alternative investments. The communication is general in nature and should not be considered a full statement of the facts pertinent to this message. The investments shown herein may not be suitable for you. This communication is intended for, and specific to, the person to whom it was sent. The presentation may not be distributed in either excerpts or in its entirety beyond the intended recipient of the communication. The Fund will not be held responsible if this communication is used or is distributed beyond its initial recipient or if it is used for any unintended or unauthorized purpose.

This communication is not a solicitation, or offer to sell securities, and there is not enough information contained in this message in which to make any investment decision. Any information contained herein should not be used as a basis for making any investment decision. All investors should make their own determination of whether or not to make any investment, based on their own respective independent evaluation and analysis. Targeted returns shown are not guaranteed. Should not be construed as any indication of future or past performance. All investment is subject to risk of loss.

The complete document set for the Fund is available for your review including the Private Placement Memorandum, Operating Agreement, and Subscription Agreement. Contact Mara Poling for more details – Pat@MaraPoling.com

PORTFOLIO OF QUALITY CLASS B MULTIFAMILY ASSETS

SELECTED FOR THEIR SECURITY AND STABILITY

DESIGNED TO GENERATE A BALANCED RETURN OF CASH FLOW AND EQUITY GROWTH

- 8% and 9% Preferred Returns available
- Quarterly cash distributions
- 10%+ Annual equity growth target
- Significant tax advantages
- Flexible investment – reinvest distributions, add to your account, access to your equity

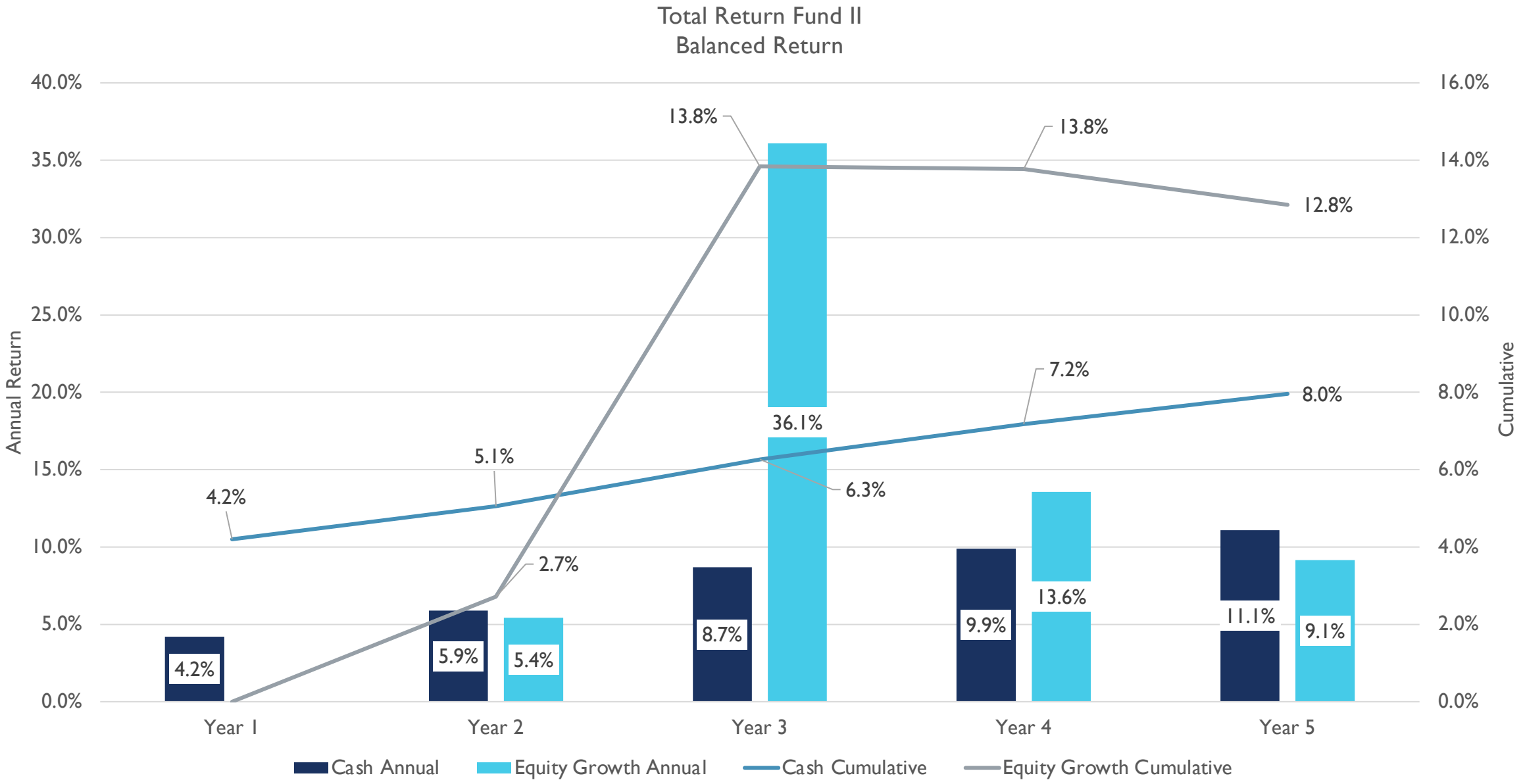
THE PORTFOLIO

THE STRATEGY

Purchase	Grow	Leverage	Redeploy
Purchase quality assets	Grow NOI through investments that add value	Employ modest leverage to increase stability and returns	Redeploy lazy equity via refinance or sale/exchanges to optimize long-term returns

OFFERING

- Class A 9% Preferred Return ($250K minimum)
- Class B 8% Preferred Return ($100K minimum)
- Return Waterfall
  - Preferred Return paid in full
  - 100% Return of capital
  - 70% of Net Proceeds
- Unit price $1,000
- First 1,250 Units discounted to $900
- Next 1,250 Units discounted to $950
- SD-IRA and SOLO 401K eligible



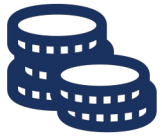
Sample returns – not guaranteed

Reinvest	Reinvest your quarterly distributions
Change	Change your distribution election as often as you like
Add	Add to your account in any amount and at any time
Grow	Yes, you can grow a Class B into a Class A
Access	Access the equity in your account

FLEXIBLE INVESTMENT

TAX ADVANTAGES

Single consolidated annual K1



Cost segregation based depreciation

Profit/loss allocation methodology

1031 Sale/exchange

Tax deferral converts ordinary income items into long-term capital gains

REPORTING & COMMUNICATION

- Monthly video report
- Quarterly statement of your account
- Quarterly fund report including asset level reporting
- Access to detailed asset level financials
- Quarterly members only live webinar with Fund Manager
- Annual report and K1
- The Portal by Mara Poling

- Direct access to Pat, Lauren, & John
- Your questions answered by the person responsible for your investment
- No 800 numbers or investor relations people (no scripts)

REDUCED FEES

- Acquisition Fee 2%
- Annual Asset Management Fee 0.8%
- Capital Management Fee 10%
- Carried Interest 30%
- Carried Interest at the Fund level – paid at dissolution
- No broker fees
- No refinance fees
- No sales commissions

START NOW

1. Complete accreditation
2. Review Fund documents
3. Execute subscription agreement
4. Fund your investment

- Very limited number of discounted units available

Pat@MaraPoling.com

Lauren@MaraPoling.com

John@MaraPoling.com

MARA POLING
TOTAL RETURN FUND II

Memorandum No. _____

Mara Poling Total Return Fund II, LLC

a Texas limited liability company

5711 Avenue G
Austin, Texas 78752

CONFIDENTIAL
PRIVATE PLACEMENT MEMORANDUM

Securities Offered	Maximum Offering Amount	Minimum Investment Amount
Class A Membership Interests	$20,000,000*	$250,000 or 250 Interests
Class B Membership Interests	$20,000,000*	$100,000 or 100 Interests
Promissory Notes	$1,000,000	$100,000

*Aggregate Maximum Offering Amount for both Class A and Class B Membership Interests shall be $20,000,000

ACCREDITED INVESTORS ONLY

June 30, 2023

MARA POLING TOTAL RETURN FUND II, LLC (hereinafter referred to as the "LLC", "Fund" or "Company") is a Texas limited liability company. The LLC is offering (the "Offering") by means of this private placement memorandum (the "Memorandum") Two (2) classes of limited liability company membership interests ("Membership Interests" or "Interests") on a "best efforts" basis to qualified investors who meet the Investor Suitability standards as set forth herein (See "Investor Suitability" below). The Two (2) classes of Membership Interests ("Membership Classes") shall be identified as "Class A Membership Interests" and "Class B Membership Interests". The minimum investment amount per Investor for Class A Membership Interests is Two Hundred and Fifty Thousand Dollars ($250,000). The minimum investment amount per Investor for Class B Membership Interests is One Hundred Thousand Dollars ($100,000). The per Interest purchase price shall be One Thousand Dollars ($1,000).

The LLC will be managed by JLBP Capital LLC, a Texas limited liability company (hereinafter referred to as the "Manager" or the "Management Company"). As further described in the Memorandum, the LLC has been organized to conduct the following business: acquire, manage, remodel, develop, lease, repair and/or sell real property, with a primary focus on multi-family properties ("Properties") located throughout the United States, with a primary focus in the state of Texas.

Prospective investors who execute a subscription agreement ("Subscription Agreement") to invest in the LLC will become a member of the LLC ("Member") once the Manager deposits the investor's investment into the LLC's main operating bank account and subject to terms and conditions in the Memorandum and Subscription Agreement. An investment in the LLC is subject to restrictions on withdrawal (See "Summary of Operating Agreement – Withdrawal" below.) Subject to the terms and conditions provided herein, Members will have the option to either receive cash distributions from the LLC or reinvest their distributable share of LLC earnings back into the LLC. (See "Cash Distributions; Election to Reinvest" below) The Manager will receive a variety of compensation and income from the LLC and is subject to certain conflicts of interest. (See "Risk Factors", "Manager's Compensation" and "Conflicts of Interest" below.) There are material income tax risks associated with investing in the LLC that prospective investors should consider. (See "Income Tax Considerations" below.)

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS OFFERING IS MADE IN RELIANCE ON AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND RULE 506(C) OF REGULATION D, AND REGULATION S PROMULGATED THEREUNDER.

THIS INVESTMENT INVOLVES A DEGREE OF RISK THAT MAY NOT BE SUITABLE FOR ALL PERSONS. ONLY THOSE INVESTORS WHO HAVE NO NEED FOR LIQUIDITY AND CAN BEAR THE LOSS OF A SIGNIFICANT PORTION (OR ALL) OF THEIR INVESTMENT SHOULD PARTICIPATE IN THE INVESTMENT. (SEE "RISK FACTORS" BELOW.)

CERTAIN TERMS OF THE OFFERING

	Price to Investors[1]	Estimated Selling Commissions[2]	Estimated Fund Proceeds[3]
Amount to be Raised Per Interest	$1,000	$0	$1,000
Class A Membership Interests Minimum Investment Amount[4]	$250,000	$0	$250,000
Class B Membership Interests Minimum Investment Amount	$100,000	$0	$100,000
Maximum Offering Amount[5]	$20,000,000	$0	$20,000,000

(1) The offering price to investors was arbitrarily determined by the Manager.

(2) Membership Interests will be offered and sold directly by the Fund, the Manager and the Fund's and Manager's respective officers and employees. No commissions for selling Interests will be paid to the Fund, Manager, or the Fund's or Manager's respective officers or employees. While most Interests are expected to be offered and sold directly by the Fund, the Manager and their respective officers and employees, the Fund or Manager may also, in limited instances, offer and sell Interests through the services of independent broker/dealers who are member firms of the Financial Industry Regulatory Authority ("FINRA") and who will be entitled to receive customary and standard commissions based on the gross proceeds received for the sale of Interests. These commissions will be paid by the Manager. Although neither the Fund nor the Manager expects to make a large number of sales of Interests through broker/dealers, each reserves the right in its respective sole discretion to make any or all offers and sales through broker/dealers. The amount and nature of commissions payable to broker/dealers is expected to vary in specific

instances and will be agreed on a case-by-case basis by the Manager in its sole and absolute discretion. The Manager (and not the Fund) will be responsible for all such commissions payable to broker/dealers.

(3) Net proceeds to the LLC are calculated before deducting organization and offering expenses. The expenses relating to this Offering are estimated to be approximately One Hundred Fifty Thousand Dollars ($150,000) (including, without limitation, legal, travel, promotional, organizational, and other operational expenses). The remaining Offering proceeds will be available for investment in assets pursuant to the business plan of the LLC. The Manager will receive its compensation from a variety of sources, including, without limitation, a management fee assessed to the LLC. (See "Manager's Compensation" below.) The Manager may, in its sole and absolute discretion, elect to be responsible for some or all of the foregoing expenses related to the Offering, whether through direct payment of such expenses or reimbursement to the LLC of such expenses incurred.

(4) Assumes the sale of the Minimum Investment Amount. Notwithstanding the foregoing, the Fund and Manager reserve the right, in its sole and absolute discretion, to at any time, and for any reason or no reason, accept subscriptions in a lesser amount or to require a higher amount or to reject any subscription(s). The LLC may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Minimum Investment Amount.

(5) Assumes sale or ownership of the Maximum Offering Amount. It is possible that the LLC will sell less than the Maximum Offering Amount. The LLC may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Maximum Offering Amount.

THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF AUTHORIZED PERSONS INTERESTED IN THE OFFERING. IT CONTAINS CONFIDENTIAL INFORMATION AND MAY NOT BE DISCLOSED TO ANYONE OTHER THAN AUTHORIZED PERSONS SUCH AS ACCOUNTANTS, FINANCIAL PLANNERS OR ATTORNEYS RETAINED FOR THE PURPOSE OF RENDERING PROFESSIONAL ADVICE RELATED TO THE PURCHASE OF SECURITIES OFFERED HEREIN. IT MAY NOT BE REPRODUCED, DIVULGED OR USED FOR ANY OTHER PURPOSE UNLESS WRITTEN PERMISSION IS OBTAINED FROM THE FUND. THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON EXCEPT THOSE PARTICULAR PERSONS WHO SATISFY THE SUITABILITY STANDARDS DESCRIBED HEREIN.

THE SALE OF MEMBERSHIP INTERESTS COVERED BY THIS PRIVATE PLACEMENT MEMORANDUM HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS SET FORTH IN SECTION 4(A)(2) OF THE ACT AND RULE 506(C) OF REGULATION D AND REGULATION S THEREUNDER. THESE SECURIITES HAVE NOT BEEN QUALIFIED OR REGISTERED IN ANY STATE IN RELIANCE UPON THE EXEMPTIONS FROM SUCH QUALIFICATION OR REGISTRATION UNDER STATE LAW. THESE SECURITIES ARE "RESTRICTED SECURITIES" AND MAY NOT BE RESOLD OR OTHERWISE DISPOSED UNLESS A REGISTRATION STATEMENT COVERING DISPOSITION OF SUCH MEMBERSHIP INTERESTS IS THEN IN EFFECT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THERE IS NO PUBLIC MARKET FOR THE MEMBERSHIP INTERESTS AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE. ANY SUMS INVESTED IN THE FUND ARE ALSO SUBJECT TO SUBSTANTIAL RESTRICTIONS UPON WITHDRAWAL AND TRANSFER. THE INTERESTS OFFERED HEREBY SHOULD BE PURCHASED ONLY BY INVESTORS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT.

NON-U.S. INVESTORS HAVE CERTAIN RESTRICTIONS ON RESALE AND HEDGING UNDER REGULATION S OF THE ACT. DISTRIBUTIONS UNDER THIS OFFERING MIGHT RESULT IN A TAX LIABILITY FOR THE NON-U.S. INVESTORS. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT HIS, HER OR ITS OWN TAX ADVISOR OR PENSION CONSULTANT TO DETERMINE HIS, HER OR ITS TAX LIABILITY.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THAT INFORMATION AND THOSE REPRESENTATIONS SPECIFICALLY CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM; ANY OTHER INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON. ANY PROSPECTIVE PURCHASER OF THE INTERESTS WHO RECEIVES ANY OTHER INFORMATION OR REPRESENTATIONS SHOULD CONTACT THE FUND IMMEDIATELY TO DETERMINE THE ACCURACY OF SUCH INFORMATION AND REPRESENTATIONS. NEITHER THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM NOR ANY SALES HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FUND OR IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS PRIVATE PLACEMENT MEMORANDUM SET FORTH ABOVE.

PROSPECTIVE PURCHASERS SHOULD NOT REGARD THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM OR ANY OTHER COMMUNICATION FROM THE FUND AS A SUBSTITUTE FOR CAREFUL AND INDEPENDENT TAX AND FINANCIAL PLANNING. EACH POTENTIAL INVESTOR IS ENCOURAGED TO CONSULT WITH HIS, HER OR ITS OWN INDEPENDENT LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONALS WITH RESPECT TO THE LEGAL AND TAX ASPECTS OF THIS INVESTMENT AND WITH SPECIFIC REFERENCE TO HIS, HER OR ITS OWN TAX SITUATION, PRIOR TO SUBSCRIBING FOR THE MEMBERSHIP INTERESTS.

THE PURCHASE OF MEMBERSHIP INTERESTS BY AN INDIVIDUAL RETIREMENT ACCOUNT (“IRA”), KEOGH PLAN OR OTHER QUALIFIED RETIREMENT PLAN INVOLVES SPECIAL TAX RISKS AND OTHER CONSIDERATIONS THAT SHOULD BE CAREFULLY CONSIDERED. INCOME EARNED BY QUALIFIED PLANS AS A RESULT OF AN INVESTMENT IN THE FUND MAY BE SUBJECT TO FEDERAL INCOME TAXES, EVEN THOUGH SUCH PLANS ARE OTHERWISE TAX EXEMPT. (SEE “INCOME TAX CONSIDERATIONS” AND “ERISA CONSIDERATIONS BELOW”.)

THE MEMBERSHIP INTERESTS ARE OFFERED SUBJECT TO WITHDRAWAL OR CANCELLATION OF THE OFFERING AT ANY TIME FOR ANY REASON (OR NO REASON) AND WITHOUT ANY NOTICE THREOF TO PROSPECTIVE INVESTORS. THE FUND RESERVES THE RIGHT, AT ITS SOLE AND ABSOLUTE DISCRETION, TO REJECT ANY SUBSCRIPTIONS IN WHOLE OR IN PART FOR ANY REASON (OR NO REASON) AT ANY TIME.

THE FUND WILL MAKE AVAILABLE TO ANY PROSPECTIVE INVESTOR AND HIS, HER OR ITS ADVISORS THE OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, THE FUND, THE MANAGER OR ANY OTHER RELEVANT MATTERS, AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THAT THE FUND POSSESSES SUCH INFORMATION.

THIS OFFERING INVOLVES SIGNIFICANT RISKS WHICH ARE DESCRIBED IN DETAIL HEREIN. FEES WILL BE PAID TO THE MANAGER AND ITS AFFILIATES[1], WHO ARE SUBJECT TO CERTAIN CONFLICTS OF INTEREST. PROSPECTIVE PURCHASERS OF MEMBERSHIP INTERESTS SHOULD READ THIS PRIVATE PLACEMENT MEMORANDUM CAREFULLY AND IN ITS ENTIRETY.

THE INFORMATION CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN SUPPLIED BY THE MANAGER AND THE FUND. THIS PRIVATE PLACEMENT MEMORANDUM

CONTAINS SUMMARIES OF CERTAIN DOCUMENTS NOT CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM, WHICH ARE BELIEVED BY THE MANAGER AND FUND TO BE ACCURATE. HOWEVER, ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCES TO THE ACTUAL DOCUMENTS. COPIES OF DOCUMENTS REFERRED TO IN THIS PRIVATE PLACEMENT MEMORANDUM, BUT NOT INCLUDED HEREIN AS AN EXHIBIT, WILL BE MADE AVAILABLE TO QUALIFIED PROSPECTIVE INVESTORS UPON REQUEST.

FOR RESIDENTS OF ALL STATES. THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN ANY PARTICULAR STATE. THIS MEMORANDUM MAY BE SUPPLEMENTED BY ADDITIONAL STATE LEGENDS. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE ADVISED TO CONTACT THE COMPANY FOR A CURRENT LIST OF STATES IN WHICH OFFERS OR SALES MAY BE LAWFULLY MADE. AN INVESTMENT IN THIS OFFERING IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF FINANCIAL RISK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSIDER ALL OF THE RISK FACTORS DESCRIBED BELOW.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND 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 ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

[1] Affiliates" shall mean any of the following: (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Manager (or the Fund), (2) a Person who, directly or indirectly, owns or controls at least Ten Percent (10%) of the outstanding voting interests of the Manager (or the Fund), (3) a Person who is an officer, director, manager or member of the Manager (or the Fund), or (4) a Person who is an officer, director, manager, member, general partner, trustee or owns at least Ten Percent (10%) of the outstanding voting interests of a Person described in clauses (1) through (3) of this sentence. The term "Person" shall mean a natural person or Entity. The term "Entity" shall mean an association, relationship or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative or association.

UNITED STATES TERRITORIES AND POSSESSIONS. THESE SECURITIES ARE NOT AUTHORIZED FOR OFFERING OR SALE IN ANY TERRITORY OR POSSESSION OF THE UNITED STATES IN LIEU OF APPLICABLE SECURITIES LAWS TO THE CONTRARY. SECURITIES AND/OR CAPITAL GUARDIANSHIPS ARE NOT AUTHORIZED FOR SALE IN SUCH TERRITORIES OR POSSESSIONS.

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EXHIBITS

SUMMARY OF THE OFFERING

The following information is only a brief summary of, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum. This Memorandum, together with the exhibits attached including, but not limited to, the Limited Liability Company Operating Agreement of the Fund (the "Operating Agreement"), a copy of which is attached hereto as Exhibit A-2, should be carefully read in its entirety before any investment decision is made. If there is a conflict between the terms contained in this Memorandum and the Operating Agreement, the Operating Agreement shall prevail and control.

THE FUND AND ITS OBJECTIVES	Mara Poling Total Return Fund II, LLC (the "Fund" or "LLC") is a Texas limited liability company located at 5711 Avenue G, Austin, Texas 78752. The Fund will raise money through this offering (the "Offering") of limited liability Membership Interests to acquire, manage, remodel, develop, lease, repair and/or sell real property (primarily multi-family properties) located throughout the United States (with a primary focus in the state of Texas).
THE MANAGER	The LLC will be managed by JLBP Capital LLC, a Texas limited liability company, located at 5711 Avenue G, Austin, Texas 78752.
THE OFFERING	The LLC is hereby offering to Investors an opportunity to purchase Two (2) classes of Membership Interests in the LLC in the maximum aggregate amount of Twenty Million Dollars ($20,000,000). The minimum investment amount per Investor for Class A Membership Interests is Two Hundred and Fifty Thousand Dollars ($250,000). The minimum investment amount per Investor for Class B Membership Interests is One Hundred Thousand Dollars ($100,000). The Manager reserves the right to accept subscriptions in a lesser amount or require a higher amount for either Membership Class. Class A and Class B Membership Interests shall be subject to different rights, preferences, returns, benefits, and restrictions (See "TERMS OF THE OFFERING" below).
CLASS A MEMBERSHIP INTERESTS CONVERSION	The Members who hold Class B Membership Interests will have the opportunity to convert his, her, or its Class B Membership Interests to Class A Membership Interests when they invest the amount of at least Two Hundred and Fifty Thousand Dollars ($250,000) in the LLC. The conversion ratio from Class A Interests to Class B Interests shall be 1:1. When the cumulative amount Class B Member invests in the LLC is at least Two Hundred and Fifty Thousand Dollars ($250,000), Manager shall deliver a written notice to the Class B Member with the opportunity to convert his, her, or its Class B Membership Interests. The conversion is automatic unless such Member rejects the conversion with a written notice. The Class B Membership Interests shall be converted at the beginning of the next distribution period.

COMPENSATION TO MANAGER	The Management Company and its affiliates will receive a variety of fees for managing the LLC. (See "Manager's Compensation" below.)
SUITABILITY STANDARDS	Membership Interests are offered exclusively to certain individuals, Keogh plans, IRAs and other qualified investors who meet certain minimum standards of income and/or net worth. Each Investor must execute a Subscription Agreement and an Investor Questionnaire making certain representations and warranties to the Fund, including, but not limited to, such purchaser's qualifications as an "Accredited Investor" as defined by the Securities and Exchange Commission in Rule 501(a) of Regulation D. (See "Investor Suitability" below.)
CAPITALIZATION	The LLC will be funded with equity of a maximum of Twenty Million Dollars ($20,000,000) (the "Maximum Offering Amount"). The LLC may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Minimum Investment Amount and/or the Maximum Offering Amount.
INDUCEMENT OFFERING FOR CLASS A MEMBERS	As an inducement to invest in the Fund, the Fund shall offer discounts to Class A Members and Class B Members based on when the units for Class A Membership Interests and Class B Membership Interests are purchased. (See "Terms of the Offering – Membership Interests" below).
COMMISSIONS FOR SELLING MEMBERSHIP INTERESTS	Membership Interests will be offered and sold directly by the Fund, the Manager and the Fund's and Manager's respective officers and employees. No commissions for selling Interests will be paid to the Fund, Manager, or the Fund's or Manager's respective officers or employees. While most Membership Interests are expected to be offered and sold directly by the Fund, the Manager and their respective officers and employees, the Fund or Manager may also, in limited circumstances, offer and sell Interests through the services of independent broker/dealers who are member firms of the FINRA and who will be entitled to receive customary and standard commissions based on the gross proceeds received for the sale of Membership Interests. These commissions will be paid by the Manager. Although neither the Fund nor the Manager expects to make a large number of sales of Membership Interests through broker/dealers, each reserves the right in its respective sole discretion to make any or all offers and sales through broker/dealers. The amount and nature of commissions payable to broker/dealers is expected to vary in specific instances and will be agreed on a case-by-case basis by the Manager in its sole and absolute discretion. The Manager (and not the Fund) will be responsible for all such commissions payable to broker/dealers.
NO LIQUIDITY	There is no public market for the Interests and none is expected to develop.

	Additionally, there are substantial restrictions on transferability of Membership Interests. (See "Risk Factors" below.)
RECOVERY OF DEFERRED COMPENSATION	If the Management Company defers or assigns to the LLC any of their respective compensation, the Management Company may elect, in the sole and absolute discretion of the Management Company, to recover the same at a later time within the same calendar year (or, if expressly approved by the Manager, in any subsequent calendar year). Notwithstanding the foregoing, the Management Company have no obligation to waive, defer, or assign to the LLC any portion of such compensation at any time.
LEVERAGE AND FINANCING	The LLC may obtain leverage by incurring indebtedness via a third party lender (or the Manager or an Affiliate) to fund its business and aggregate investments in Properties. Leveraging the LLC's assets involves additional risks that are detailed later in this Memorandum.(See "Risk Factors – Business Risks – Risks of Leveraging the LLC" below).
DISTRIBUTION OF PROFITS	All Members will be eligible for distributions of the LLC's earnings. (See "Terms of the Offering - Cash Distributions; Election to Reinvest" below.)
REINVESTMENT	Members have the option of receiving cash or having their share of cash credited to their capital accounts and reinvested in the LLC, at the then current price of Interests, for any preferred return and/or cash distributions of the LLC's earnings. (See "Terms of the Offering - Cash Distributions; Election to Reinvest" below.) However, the Management Company reserves the right to commence making cash distributions at any time to any Member(s) in order for the LLC to remain exempt from the ERISA plan asset regulations. (See "ERISA Considerations" and "Summary of Operating Agreement" below.)
RETURN OF CAPITAL	The Management Company reserves the right to return part or all of the Member's capital investment to the Member at any time during the investment and to expel any Member for cause. (See "Summary of Operating Agreement – Redemption Policy and Other Events of Disassociation" below.)
PREFERRED RETURN	Each Membership Class will generally be entitled to receive a cumulative preferred return (the "Preferred Return") on their investment, calculated and payable quarterly, (and prorated as applicable for the amount of time that a Member was a member of the LLC). Class A Membership Interests shall generally be entitled to receive a cumulative annual Preferred Return of Nine Percent (9%) of their capital investment; and Class B Membership Interests shall generally be entitled to receive a cumulative annual Preferred Return of Eight Percent (8%) of their capital investment. This Preferred Return will be payable prior to any profit participation by the Manager

	(however, all expenses and fees other than profit participation will be paid to the Manager prior to the Preferred Return). Due to the nature of the Fund's investment strategy, the Fund may not distribute the full Preferred Return immediately. In light of this prospective delay, all Preferred Returns shall be cumulative in nature. The Fund expects significant returns upon stabilization of the Properties. Any unpaid Preferred Returns will be deferred and upon dissolution of the Fund, any unpaid Preferred Returns shall be paid to the Members, to the extent cash is available. THIS IS NOT A GUARANTY OF PREFERRED RETURNS. Upon liquidation and dissolution of the Fund, the Fund intends to pay any unpaid Preferred Returns to the Members, to the extent cash is available. To the extent cash is available, the Management Company, at its sole and absolute discretion, may permit a clawback to any unpaid or accrued profit participation due to the Management Company (See "Management Compensation" below).
CAP-EX RESERVE	The Management Company, in underwriting its pro-forma per investment shall establish a capital expenditures reserve ("Cap-Ex Reserve") per property for purposes of additional capital costs to its operations and to temporarily protect Members from potential unrecoverable losses from the Fund's business and operating activities. Depending on reserve overages and the weighted risk levels of the portfolio, reserve amounts may be reduced, eliminated or increased accordingly in the sole and absolute discretion of the Manager. The Cap-Ex Reserve will initially be funded from the proceeds of the Offering, and thereafter may be funded from Offering proceeds or cash flow and/or profits of the LLC (as is determined by the Management Company in its sole discretion).
WITHDRAWAL	Members who invest in the LLC may not withdraw their capital until they have been members of the LLC for at least Twenty Four (24) months. Members who have been members of the LLC for a period longer than Twenty Four (24) months may request withdrawal from the LLC in writing and give the LLC at least Ninety (90) days' notice prior to expecting to be withdrawn from the LLC. The withdrawal date shall be effective upon the date of receipt of the Member's withdrawal request. The LLC will use its best efforts to return capital subject to, among other things, the LLC's then cash flow, financial condition, and prospective transactions in assets. The LLC's investment strategy is based on a Five (5) year hold period for each asset, and therefore may take more than Three (3) years to produce net positive returns. Members who wish to withdraw from the LLC beforehand may suffer a loss to their capital contribution based on the value of their Membership Interests upon withdrawal.

	The Management Company is not under any circumstances obligated to liquidate any assets or Properties in any efforts to accommodate or facilitate any Member(s)' request for withdrawal or redemption from the LLC. Each request for a return of capital will be limited to Twenty-Five (25%) of such Member's capital account balance such that it will take at least Four (4) quarters for a Member to withdraw his, her, or its total investment in the LLC; provided, however, that the maximum aggregate amount of capital that the LLC will return to the Members each fiscal year is limited to Ten percent (10%) of the total outstanding capital of the LLC, or Five Hundred Thousand Dollars ($500,000), whichever is less. Withdrawal requests will be processed by the Fund on a first-come, first-served basis. Notwithstanding the foregoing, the Management Company may, in its sole and absolute discretion, waive such withdrawal requirements if a Member is experiencing undue hardship; acceptability of the Member's hardship will be determined by the Management Company in its sole and absolute discretion. The Management Company may at any time suspend the withdrawal of funds from the LLC, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Management Company or the LLC, disposal of the assets of the LLC is not reasonably practicable without being detrimental to the interests of the LLC or its Members, determined in the sole and absolute discretion of the Management Company; (ii) it is not reasonably practicable to determine the net asset value of the LLC on an accurate and timely basis; or (iii) if the Management Company has determined to dissolve the LLC. Notice of any suspension will be given within Ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a withdrawal request and to whom full payment of the redemption proceeds has not yet been remitted. If a redemption request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the last day of the calendar month in which the suspension is lifted, on the basis of the net asset value of the LLC at that time and in the order determined by the Management Company in its sole and absolute discretion. Members who wish to withdraw before they have been Members for Twenty-Four (24) months ("Early Withdrawal") can only withdraw after they have been members of the LLC for at least twelve (12) months or if the Manager, at its sole and absolute discretion, permits Early Withdrawal. Generally, the Manager shall only permit Early Withdrawal for Members

	who have not been a Member for at least Twenty-Four (24) months if the Member produces evidence of hardship. Notwithstanding anything in the foregoing regarding withdrawals, the Management Company may, in its sole and absolute discretion, waive any withdrawal requirements or withdrawal prioritization at any time if a Member is experiencing undue hardship; acceptability of the Member's hardship will be determined by the Management Company in its sole and absolute discretion. (See "Operating Agreement – Withdrawal" below.)
PERSONAL GUARANTY OF LOANS	There may be limited circumstances where the Fund or the Management Company may request certain Member(s) to provide a limited personal guaranty as part of the financing necessary to acquire and/or improve Properties. Should a Member voluntarily accept to personally guarantee such financing, the LLC will compensate the Member with an equivalent of up to One Quarter of a Percent (0.25%) of the loan amount and an annual stipend not to exceed Two Thousand Dollars ($2,000) for purposes of tax preparation and other associated expenses. The Fund also agrees to indemnify the Member from any litigation arising from the guaranteed loan.
PROMISSORY NOTES	The Fund reserves the right to offer unsecured promissory notes ("Notes") to eligible investors on an as needed basis. The Fund shall restrict the offer and sale of such Notes to a maximum of One Million Dollars ($1,000,000). The Notes shall have the following features: (1) there will be demand notes with no defined maturity date; (2) have a term of Two (2) years; and (3) offer an interest rate not exceeding an annual rate of Twelve Percent (12%). See Exhibit C – Promissory Notes).

FORWARD LOOKING STATEMENTS

Investors should not rely on forward-looking statements because they are inherently uncertain. Investors should not rely on forward-looking statements in this Memorandum. This Memorandum contains forward-looking statements that involve risks and uncertainties. We use words such as "anticipated," "projected", "forecasted", "estimated", "prospective", "believes," "expects," "plans" "future" "intends,", "should," "can", "could", "might", "potential," "continue," "may," "will," and similar expressions to identify these forward-looking statements. Investors should not place undue reliance on these forward-looking statements, which may apply only as of the date of this Memorandum.

TERMS OF THE OFFERING

This Offering is made to qualified investors to purchase Membership Interests in the LLC. The minimum purchase per investor (the "Minimum Investment Amount") is One Hundred Thousand Dollars ($100,000) for Class B Membership Interests and Two Hundred and Fifty Thousand Dollars ($250,000) for Class A Membership Interests. (See "Investor Suitability" below.) During the Offering, Members that have subscribed for at least the Minimum Investment Amount may

purchase additional Membership Interests in increments of One Thousand Dollars ($1,000). The Management Company reserves the sole right, but has no obligation, to adjust the purchase price per Membership Interest at any time and for any reason (or no reason) and thereby require either a higher or lesser amount.

The Investor's funds may be deposited into the LLC's main operating bank account and the Offering will continue until it (1) is terminated by the LLC, (2) expires, or (3) has raised the Maximum Offering Amount. At such time, the Offering will be deemed closed. The LLC may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Minimum Investment Amount or the Maximum Offering Amount.

Notwithstanding the foregoing in "Terms of the Offering", the Fund reserves the right, in its sole and absolute discretion to, at any time, and for any reason or no reason, accept subscriptions in a lesser amount or to require a higher amount or to reject any subscription(s) in whole or in part.

Membership Interests

The LLC is hereby offering to Investors an opportunity to purchase two Membership Classes in the LLC in the maximum aggregate amount of Twenty Million Dollars ($20,000,000). The Minimum Investment Amount per Investor for Class A Membership Interests is Two Hundred and Fifty Thousand dollars ($250,000); provided, however, that the Manager reserves the right to accept subscriptions in a lesser amount or require a higher amount. The Minimum Investment Amount per Investor for Class B Membership Interests is One Hundred Thousand dollars ($100,000); provided, however, that the Manager reserves the right to accept subscriptions in a lesser amount or require a higher amount.

CLASS A MEMBERSHIPS INTERESTS ARE ONLY AVAILABLE TO THOSE INVESTORS WHO MAKE AN INVESTMENT OF AT LEAST TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000). MEMBERSHIP IN CLASS A IS BASED ON THE INVESTOR'S INVESTMENT AMOUNT. IF A CLASS B MEMBER WISHES TO CONVERT TO CLASS A MEMBERSHIP THAT CLASS B MEMBER WILL BE REQUIRED TO MAKE AN ADDITIONAL INVESTMENT SO THAT THE CUMULATIVE AMOUNT OF INVESTMENT IS AT LEAST TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000) IN ORDER TO ACHIEVE CLASS A MEMBERSHIP STATUS.

Inducements: Discounts for Purchase of Class A Membership Interests Units

As an inducement for investors to acquire Class A Membership Interests and Class B Membership Interests, the Fund is offering a Ten Percent (10%) discount for the first One Thousand Two Hundred and Fifty (1250) Class A Membership Interests and Class B Membership Interests units purchased and a Five Percent (5%) discount for the next One Thousand Two Hundred and Fifty (1250) Class A Membership Interests and Class B Membership Interests units purchased. This inducement shall be applied to the purchase price of Class A Interests and Class B Interests.

Subscription Agreements; Admission to the LLC

To subscribe to the Fund and purchase any Interests, an Investor must meet certain eligibility and suitability standards, some of which are set forth below. (See "Investor Suitability" below.) Additionally, an Investor who wishes to become a Member of the LLC must sign and execute a subscription agreement ("Subscription Agreement") in the form attached hereto as Exhibit B (together with a check in the amount of the purchase price payable to the Fund), which shall be

accepted or rejected by the Management Company in its sole and absolute discretion. By executing the Subscription Agreement, an Investor makes certain representations and warranties upon which the Management Company will rely on in accepting the Investor's subscription funds. Investors are encouraged to read the Subscription Agreement carefully and in its entirety. INVESTORS SHOULD CAREFULLY READ AND COMPLETE THE SUBSCRIPTION AGREEMENT (WITH POWER OF ATTORNEY) AND INVESTOR QUESTIONNAIRE.

The Management Company may reject an Investor's Subscription Agreement for any reason or no reason at all. If accepted by the Management Company, an Investor shall become a Member when the Management Company deposits the Investor's contribution into the LLC's main operating bank account. The Management Company will only deposit the Investor's contribution into the LLC when such Investor's subscription funds are required by the LLC to invest in assets. Until then, an Investor's subscription agreement is non-revocable, and subscription funds shall be held by the Management Company and may, at the sole discretion of the Management Company, be deposited in a call account (the "Subscription Account").

Notwithstanding the previous paragraph, should the process from depositing an Investor's funds into the Subscription Account and admission as a Member take longer than One Hundred And Eighty (180) days, the Investor may request in writing to recover his, her or its investment funds. If, upon receipt of such request in writing, the Management Company has not yet admitted the Investor as a Member, then the Management Company may, in its sole and absolute discretion, return the Investor's funds to the investor and revoke the Subscription Agreement within ten (10) business days of receipt of such request from the Investor.

Subscription Agreements are non-cancelable and irrevocable by the Investor and subscription funds are non-refundable for any reason, except with the express written consent of the Management Company or as expressly set forth herein or in the Subscription Agreement.

Allocation of Profit and Loss

Pursuant to the terms of the Operating Agreement, each Member's capital account will receive an allocation to reflect profit and loss of the Company as follows: First, all profits will be allocated to each Member's capital account until the aggregate profits allocated to each Member is equal to (and has been allocated in proportion to and to the extent of) the aggregated losses allocated to each Member for all previous periods. Second, until the aggregate profits have been allocated to each Member's capital account are equal to the aggregate accrued Preferred Return payable to each Member. Third, to each Member in proportion to their respective percentage ownership interest in the Company.

Losses shall be allocated in the following order: First, to the Members until the aggregate losses allocated to the Members is equal to (and have been allocated in proportion to and to the extent of, and in reverse order of) the previous aggregated income allocated to the Members for all previous periods. Second, to each Member in proportion to their positive capital account until the positive capital is depleted. Third, to each Member in proportion to their respective percentage ownership interest in the Company.

Any remaining income shall be designated as "Distributable Cash" and shall be distributed in accordance with the terms below.

Preferred Return; Cash Distributions; Election to Reinvest

Preferred Returns

Each Membership Class will generally be entitled to receive a cumulative annualized preferred return (the "Preferred Return") on their investment, calculated and payable quarterly (and prorated as applicable for the amount of time that a Member was a member of the LLC). Class A Membership Interests shall generally be entitled to receive a cumulative annual Preferred Return of Nine Percent (9%) of their capital investment; and Class B Membership Interests shall generally be entitled to receive a cumulative annual Preferred Return of Eight Percent (8%) of their capital investment. This Preferred Return will be payable prior to any profit participation by the Manager (however, all expenses and fees other than profit participation will be paid to the Manager prior to the Preferred Return). Preferred Returns shall be distributed on a quarterly basis to the extent that cash is available, and they will not impact the continuing operations of the Fund.

Due to the nature of the Fund's investment strategy of improving Properties, the Fund may not distribute the full Preferred Return immediately. In light of this prospective delay, all Preferred Returns shall be cumulative in nature. The Fund expects significant returns upon stabilization of the Properties. This is likely to occur in the third or fourth year of the Offering. Any unpaid Preferred Returns will be deferred and may be paid when the Fund is able to realize these significant returns, to the extent that cash is available, and it will not impact the continuing operations of the Fund. However, it is the Fund's intention that any and all unpaid Preferred Returns will be paid such that each Member shall receive their full annualized Preferred Return for the total amount of time the Member has been a member of the Fund at liquidation and dissolution of the Fund, to the extent that cash is available. However, the Management Company projects, but does not guarantee, that the Fund will distribute these unpaid Preferred Returns prior to this point in time. THIS IS NEITHER A GUARANTEED PREFERRED RETURN NOR A COMMITMENT TO CLAW-BACK. At liquidation and dissolution of the Fund, the Fund intends to distribute to each Member their full annualized Preferred Returns for the entire time they have been Members of the Fund, to the extent cash is available and all outstanding liabilities and expenses have been resolved pursuant to the Operating Agreement.

Cash distributions

Distributable Cash, from the operations of the LLC, after all fees and expenses have been paid and profit and loss allocated accordingly, shall be distributed to the Members as follows: (1) First, one hundred percent (100%) of all Distributable Cash shall be payable to the Members until each Member Class receives their respective cumulative annual Preferred Returns; (2) Second, one hundred percent (100%) of the remaining Distributable Cash shall be delivered to the Members until the Fund has returned to all Members one hundred percent (100%) of their respective capital contributions; (3) Third, all remaining Distributable Cash shall be delivered to the Members on a quarterly basis as follows: Seventy percent (70%) of the Distributable Cash of the LLC shall be distributed to the Members on a pro-rata basis and the remaining thirty percent (30%) of the Distributable Cash of the LLC shall be distributed to the Manager. Distributable Cash, shall only be distributed to the extent cash is available and provided that the quarterly cash distributions will not impact the continuing operation of the LLC.

Each Member has the option of receiving cash distributions for his, her or its share of the earnings of the Fund (including any Preferred Return) that is payable to the Member, or having such amount(s) credited to his, her or its capital accounts and reinvested in the LLC at the then current

price of the Interests. Accordingly, Members have the option of receiving cash or having their share of cash credited to their capital accounts and reinvested in the LLC, at the then current price of Interests, for any quarterly cash distributions of the LLC's earnings. However, notwithstanding the foregoing, the Management Company reserves the right to commence making cash distributions at any time to any Member(s) in order for the LLC to remain exempt from the ERISA plan asset regulations. (See "ERISA Considerations" and "Summary of Operating Agreement" below).

Members must elect to (a) receive cash in respect of quarterly cash distributions from the LLC in the amount of that Member's share of cash available for distribution and/or the Preferred Return due Member, or (b) allow the reinvestment through purchase of additional Membership Interests in respect of quarterly cash distributions from the LLC in the amount of that Member's share of cash available for distribution and/or Preferred Return due Member. Members must elect to receive cash or reinvest all of their quarterly cash distributions including their Preferred Returns. No partial reinvestment is permitted.

An election to reinvest the quarterly income distribution and Preferred Return is revocable at any time upon a written request to revoke such election. If no election is made, then the quarterly income distribution and a Preferred Return will be a cash disbursement. Members may change their election at any time upon thirty (30) days written notice to the LLC. Upon receipt and after the thirty (30) day notice has occurred, the Member's election shall be changed and reflected on the following first day of the month in which the Member is entitled to receive a distribution. Notwithstanding the preceding sentences, the Management Company may at any time immediately commence with cash distributions in cash only (hence, suspending the reinvestment option for such Member(s)) to any Member(s) in order for the LLC to remain exempt from the ERISA plan asset regulations. (See "ERISA Considerations" and "Summary of Operating Agreement" below). Partial reinvestment shall not be permitted.

NEITHER PREFERRED RETURNS NOR DISTRIBUTABLE CASH DISTRIBUTIONS ARE GUARANTEED RETURNS. THE MANAGER AND THE FUND MAKE NO GUARANTEES, ASSURANCES OR COMMITMENTS TO THE DISTRIBUTION OF THE PREFERRED RETURN OR DISTRIBUTABLE CASH DISTRIBUTIONS. THE MANAGER WILL ONLY MAKE DISTRIBUTIONS TO THE EXTENT CASH IS AVAILABLE AND, IN THE SOLE AND ABSOLUTE DISCRETION OF THE MANAGER, DISTRIBUTIONS OF THE PREFERRED RETURN AND /OR DISTRIBUTABLE CASH WILL NOT IMPACT THE CONTINUING OPERATIONS OF THE FUND.

INVESTOR SUITABILITY

This investment is appropriate only for investors who have no need for immediate liquidity in their investments and who have adequate means of providing for their current financial needs, obligations and contingencies, even if such investment results in a total loss. Investment in the Interests involves a high degree of risk and is suitable only for an investor whose business and investment experience, either alone or together with a purchaser representative, renders the investor capable of evaluating each and every risk of the proposed investment. CAREFULLY READ THE ENTIRE "RISK FACTORS" SECTION OF THIS PRIVATE PLACEMENT MEMORANDUM.

Each person (the "Investor") seeking to acquire Membership Interests will be required to represent that he, she or it is purchasing for his, her or its own account for investment purposes and not with a view to resale or distribution. The Fund will sell Interests to an unlimited number of

"Accredited Investors" only. All investors who are not deemed "Accredited" must have such knowledge and experience in financial matters, either alone or together with a purchaser representative, to make them capable of evaluating the merits and risks of such an investment in the Interests being offered. To qualify as an Accredited Investor an investor must meet ONE of the following conditions:

1. Any natural person who had an individual income in excess of Two Hundred Thousand Dollars ($200,000) in each of the two most recent years, or joint income with that person's spouse or spousal equivalent in excess of Three Hundred Thousand Dollars ($300,000) in each of those years, and who has a reasonable expectation of reaching the same income level in the current year;

2. Any natural person whose individual net worth or joint net worth, with that person's spouse or spousal equivalent, at the time of their purchase, exceeds One Million Dollars ($1,000,000) (excluding the value of such person's primary residence);

3. A natural person holding one or more professional certifications or designations administered by the Financial Regulatory Authority, Inc., and in good standing: the Licensed General Securities Representative (Series 7), Licensed Investment Adviser Representative (Series 65), and Licensed Private Securities Offering Representative (Series 82);

4. A natural person holding, and in good standing, of one or more professional certifications or designations or other credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status;

5. A natural persons who is considered a "knowledgeable employee" of a private fund as defined by Rule 3c-5(a)(4) under the Investment Company Act of 1940, including trustees and advisory board members, or person serving in a similar capacity of a fund relying on an exemption under Investment Company Act of 1940 Section 3(c)(1) or 3(c)(7), or an affiliated person of the fund that oversees the fund's investments, and employees of the private fund (other than employees performing solely clerical, secretarial, or administrative functions);

6. Any family office, as defined in rule 202(a)(11)(G)-1under the Investment Advisers Act of 1940: with assets under management in excess of $5,000,000, that is not formed for the specific purpose of acquiring the securities offered, and whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risk of the prospective investment;

7. Any family client, as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, of a family office meeting the requirements in paragraph (a)(12) of this section and whose prospective investment in the issuer is directed by such family office pursuant to paragraph (a)(12)(iii);

8. 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 ("Exchange Act"); any investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940 or registered pursuant to the laws of a state; any investment adviser relying on the exemption from registering with the Commission under section 203(l) or (m) of the Investment Advisers Act of 1940; any insurance

company as defined in Section 2(13) of the Exchange Act; any investment company registered under the Investment Fund Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Fund ("SBIC") licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act; 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 Five Million Dollars ($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 adviser, or if the employee benefit plan has total assets in excess of Five Million Dollars ($5,000,000) or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors;

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

10. Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code"), corporation, Massachusetts or similar business trust, partnership, or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars ($5,000,000);

11. Any director or executive officer, or Fund of the issuer of the securities being sold, or any director, executive officer, or Fund of a Fund of that issuer;

12. Any trust, with total assets in excess of Five Million Dollars ($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 506(B)(b)(2)(ii) of the Code;

13. Any entity not listed above which was not formed for the specific purpose of acquiring the securities offered, owning investments in excess of Five Million Dollars ($5,000,000); or

14. Any entity in which all the equity owners are accredited investors, as defined above.

Verification

The Fund will require that the Investor verify the Investor's status as an Accredited Investor through any reasonable means and steps deemed necessary or suitable by the Fund. A non-exhaustive list of verification steps that the Fund may use for, or require from, an Investor is noted in the Subscription Agreement. Every Investor is required to cooperate in the Fund's verification steps and methods before being permitted to invest in the Offering. The Fund may use differing or varied verification steps or methods for each Investor, as the facts and circumstances surrounding any particular Investor's financial situation would likely be different from any other Investor.

Maximum Offering

The maximum offering amount of this Private Placement Memorandum is Twenty Million Dollars ($20,000,000) (the "Maximum Offering Amount"). The LLC may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Maximum Offering Amount or the Minimum Investment Amount.

The maximum gross proceeds will be the Maximum Offering Amount which will comprise, subject to adjustments as described elsewhere in this Private Placement Memorandum, the total equity capitalization of the Fund. This Offering may, however, be terminated at the sole option of the Manager at any time and for any reason (or no reason) before the Maximum Offering Amount is received.

Restrictions on Transfer

As a condition to this Offering, restrictions have been placed upon the ability of Members to resell or otherwise transfer any Interests purchased hereunder. Specifically, no Member may resell or otherwise transfer any Interests without the satisfaction of certain conditions designed to ensure compliance with applicable tax and securities laws including, without limitation, the requirement that certain legal opinions be provided to the Fund with respect to such matters and the requirement that any transfer of shares to a transferee does not violate any state or federal securities laws. Notwithstanding the foregoing, no Member may resell or otherwise transfer any Membership Interests without the prior written consent of the Management Company, whose consent may be withheld in its sole and absolute discretion. (See "Summary of Operating Agreement — Transfer Restrictions" below.)

To the extent required by applicable law or in the sole and absolute discretion of the Manager, legends shall be placed on all instruments or certificates evidencing ownership of Membership Interests in the LLC stating that the Membership Interests have not been registered under the federal securities laws and setting forth limitations on resale, and notations regarding these limitations shall be made in the appropriate records of the LLC with respect to all Membership Interests offered through this Offering.

Any Member who transfers, upon the Manager's consent, any Membership Interests to another person shall pay the Management Company a transfer fee of at least Five Hundred Dollars ($500) to cover administrative costs related thereto.

USE OF PROCEEDS

	Maximum Offering Amount	Percentage of Gross Offering Proceeds
Gross Offering Proceeds [(1)]	$ 20,000,000	100%
Commissions Payable by the Fund [(2)]	$0	0%
Deployable Proceeds	**$ 20,000,000**	**100%**

(1) Gross Offering proceeds to the Fund are calculated before deducting organization and offering expenses. The expenses relating to this Offering include, without limitation, legal, organizational, printing, binding, and miscellaneous expenses. The remaining Offering proceeds will be available for investment in assets pursuant to the business plan of the Fund. The Manager will receive its compensation from a variety of sources, including, without limitation, a portion of the Excess Distributable Cash. (See "Manager's Compensation" below). The Manager may, in its sole and absolute

discretion, elect to be responsible for some or all of the foregoing expenses related to the Offering, whether through direct payment or reimbursement of such expenses incurred to the Fund.

(2) Membership Interests will be offered and sold directly by the Fund, the Manager and the Fund's and Manager's respective officers and employees. No commissions for selling Interests will be paid to the Fund, Manager or the Fund's or Manager's respective officers or employees. While most Interests are expected to be offered and sold directly by the Fund, the Manager and their respective officers and employees, the Fund or Manager may also, in limited instances, offer and sell Interests through the services of independent broker/dealers who are member firms of the FINRA and who will be entitled to receive customary and standard commissions based on the gross proceeds received for the sale of Interests. These commissions will be paid by the Manager. Although neither the Fund nor the Manager expects to make a large number of sales of Interests through broker/dealers, each reserves the right in its respective sole discretion to make any or all offers and sales through broker/dealers. The amount and nature of commissions payable to broker/dealers is expected to vary in specific instances and will be agreed on a case-by-case basis by the Manager in its sole and absolute discretion. The Manager (and not the Fund) will be responsible for all such commissions payable to broker/dealers.

PROPERTY ACQUISITION GUIDELINES AND POLICIES

General Standards for Property Acquisition.

The LLC will engage in the following business: acquiring, managing, remodeling, developing, repairing and/or selling real property (primarily multi-family properties) located throughout the United States with a primary focus in Texas. Properties may be acquired from (without limitation) individuals, entities, institutional investors, financial institutions, governmental agencies and other sellers of real or personal property. Unless the Manager decides in its sole and absolute discretion that it is in the best interests of the Fund to do otherwise, the LLC intends to generally acquire and purchase Properties based on the following criteria:

Selection of Properties.

The LLC has a detailed and thorough step by step analysis in selecting Properties for acquisition. Generally, the LLC intends to focus on two arenas for Property acquisition: (1) select growing markets; and (2) sub-market areas that are supported by specific metrics set forth below. In general, the LLC will seek to stick to the following requirements when selecting a Property. However, the Management Company, at its sole and absolute discretion, may select a Property that may not strictly adhere to these requirements. The Management Company, may, if in the best interests of the LLC, deviate from the foregoing criteria.

1. Market Selection Analysis: Selection Criteria. The LLC will focus its efforts on specific growing markets. Currently, the LLC intends to focus in the state of Texas. Markets will be selected from more than three hundred fifty (350) potential markets across the United States, based on historical analysis (ten (10) to twenty (20) years of specific data points, with an emphasis on performance relative to the national average and the subject market's performance during economic shifts. The Management Company will assess, analyze, and score these markets using the following Seventeen (17) separate criteria:

- Population and Population Growth
- Employment Growth
- Income Growth
- Net Domestic Migration
- Employment Diversity
- Environmental Stability
- Absorption
- Unemployment

- Rental Vacancy
- Market Cap Rate(s)
- Homeowner Vacancies
- State & Local Landlord/Tenant Laws
- Historic Multi-Family Appreciation
- Forecasted Multi-Family Appreciation
- Affordability
- Proximity to Large Landmarks

Market data will be updated annually and scoring revised. Less than ten percent (10%) of the available markets will meet the LLC's required criteria. Based on current data, only ten (10) to fifteen (15) markets meet the LLC's required criteria. The LLC will rank these markets and will select the top few to focus on.

Currently the LLC is focused on three major markets: Dallas/Fort Worth, Houston, and the Carolinas.

2. Property Selection. The LLC will focus primarily on performing Properties with opportunities to add value through improved management and modern upgrades. These Properties will be sourced through the commercial real estate community, whether listed or off-market Properties. All potential Properties will be screened using the following criteria. The LLC will pursue a selection strategy based on the following:

- Class B or C+ Multi-Family Properties
- 100 – 400 Units
- Built between 1980-2000
- Garden Style Design
- 3 Floors or Less
- Pitched Roofs
- Performing Assets Only
- Value Add Opportunity

3. Sub-Market Analysis. The LLC will also assess and analyze the communities and neighborhoods within selected markets ("Sub-Markets") and only acquire Properties in those Sub-Markets that are supported by a diverse employment base and a congruent Sub-Market. The Management Company will physically inspect each Property's Sub-Market, typically within a one (1), three (3) and five (5) mile radius, for the following markets:

- Diverse Employment Base (Healthcare, Government, Technology, Higher Education, Etc.)
- Nearby Retail (Supermarket, Major Retail Chains)
- Nearby Transportation (Public, Freeway, Toll)
- Nearby Recreation (Parks, Gyms, Bicycle Paths, Hiking Trails)
- Crime Statistics

- Congruent Sub-Markets (i.e.: a Class B Property is within a Class B or better Sub- Market – with other Class A/B residential and retail).
- Nearby Places of Worship
- Visibility, Traffic, and Accessibility
- Nearby Schools and School District Ratings
- Multi-Family Properties within radius evaluated by Class, Size, Rents, Amenities and Distance from Property.

4. Other Analysis. The Management Company will also conduct the following due diligence in selecting a Property for investment:

- The Management Company will conduct an initial site walk of the Property with property management team members.
- Review One (1) to Three (3) years of rent rolls and monthly financials for the Property.
- Review competitive and historic data on rents, occupancy and cap rates.
- Evaluate and validate viability of value add strategy using competitive data from other nearby Properties.
- Draft initial pro-forma based on most current data points.

The Management Company will conduct an updated underwrite midway through the contracting period to ensure the property meets all key performance criteria set forth above.

5. Fire and Casualty Insurance. Satisfactory fire and casualty insurance will be obtained for all Properties and will name the LLC as its loss payee. (See “Business Risks – Uninsured Losses”).

6. Title Insurance. Satisfactory title insurance coverage will be obtained for all Properties. The title insurance policy will name the LLC as the insured and provide title insurance in an amount not less than the principal amount of the value of the property.

7. Environmental Reports. Environmental reports will not typically be ordered on Properties purchased or otherwise acquired by the LLC. However, the LLC will arrange for environmental reports for Properties if a lender requires one.

8. Single Purpose Entities. The LLC may establish limited liability companies that are wholly owned subsidiaries of the LLC to own and hold title of a property which the LLC has acquired and intends to improve, rent, and/or sell. These wholly owned subsidiaries will be single purpose entities (“SPE”) created solely for the purpose of owning, improving, renting and/or selling Properties which the LLC acquires. In addition, the Management Company shall serve as the sole manager of these SPEs.

9. Property Management. It is presently anticipated that all LLC Properties will be managed by the Manager. The Manager, at its sole and absolute discretion, may engage or partner with third

party servicers to manage the acquisition, development, construction, leasing, management and sale of the various Properties acquired by the LLC. The Manager will oversee these third party servicers. These third party servicers will be compensated by the LLC. The LLC will not be responsible for any sub-servicers engaged by the third part servicers to assist in performing their servicing activities.

THE MANAGEMENT COMPANY

The Manager of the LLC is JLBP Capital LLC, a Texas limited liability company. The Manager was formed under the laws of Texas on August 19, 2021. The Manager will manage and direct the affairs of the LLC. The principals, officers, and directors of the Manager, and their biographies, are as follows:

Patrick Poling, CEO of Mara Poling & Managing Member JLBP Capital, LLC, Manager

Pat Poling is the founder and Chief Executive Officer of Mara Poling. Mara Poling's mission is simple, provide your family with real estate investments that generate secure, stable tax advantaged cash flow and equity growth. Earn cash income for today. Grow wealth for the future. So that you sleep well at night knowing your hard-earned capital, and your future, is secure.

Pat and Bill Mara founded Mara Poling based on a commitment to be of service to your family and others like yours where their skills and experience will make a difference in your financial life.

Pat provides leadership to the entire Mara Poling Team and maintains the primary relationship with each of Mara Poling's clients. A real relationship with each and every client. No 800 number investor relations someone with a phone script. You will work directly with Pat, Lauren, and John from day one. Under Pat's leadership, Mara Poling has grown to manage over $100M in client assets for more than 150 families.

Final decision maker on all investments, he works closely with John and Lauren to ensure each decision is in the best interest of the client. Decades of experience crafting multi-billion-dollar portfolios for clients ranging from Wall Street to Main Street. Lessons learned from thousands and thousands of transactions. The continuous improvement in conservative underwriting and rigorous due diligence that comes from each acquisition over decades of investing.

Prior to founding Mara Poling, Pat served as President and Chief Executive Officer, as well as Chairman of the Board of Directors and principal in The Lyle Company, a real estate asset management firm serving corporate and investment clients, for more than a decade. Entrusted with $4B in investor capital, Pat and his team built a real estate portfolio valued at $16B at the time of sale, generating significant returns for his clients.

Pat's prior experience includes corporate real estate leadership positions and strategic planning and finance roles with AT&T, McCaw Cellular, and American Tower.

Pat received a B.S. in Finance from LMU and did his post graduate work in Organizational Development at USF.

Lauren Torres, COO of Mara Poling & Member of JLBP Capital, LLC

Lauren Torres is the Chief Operations Officer of Mara Poling.

Lauren provides leadership to the Operations and Finance Teams are Mara Poling. She maintains the primary relationship with the third-party property management firm who leads the asset operations for the portfolio. She resides in Austin, Texas and visits the properties frequently. She also oversees the Finance Team and ensures accurate financial reporting to investors & lenders, as well as partnering with the external CPA firm on all tax related filings.

Prior to joining Mara Poling in 2016, Lauren was a Senior Recruitment Consultant for a top-8 National CPA firm, placing finance and accounting professionals in permanent positions with her clients, mostly in the construction & real estate industry. Prior to that, Lauren worked as a Revenue Accounting Manager for a tech start-up in the bay area. She has 10+ years of experience working for start-ups and implementing processes & procedures, as well as experience in Human Resources.

Lauren received a B.S. in Accounting from Sonoma State University.

John Jones, CIO of Mara Poling & Member of JLBP Capital, LLC

John Jones is the Chief Investment Officer of Mara Poling.

John is responsible for acquisition and disposition of assets in the Mara Poling portfolio. He identifies and closes on strong preforming assets that fit the client's needs. He also leads the capital programs for each asset and works closely with Operations Team to ensure the optimum performance of the assets. Since joining Mara Poling in 2018, John has helped the portfolio grow with over $143,000,000 in multifamily asset acquisitions. Prior to joining Mara Poling, John was a principal of another real estate investment firm and helped acquire $56,000,000 in multifamily assets over three years.

John was in the hospitality profession for 11 years before joining the commercial multifamily real estate sector. He was a hotelier and owned/operated several properties in Texas. John was also a District Governor for Best Western International for five of the eleven years. During his hotel operating time, he also ran a successful home construction and remodeling business. His professional construction and hospitality experience have been very beneficial in guiding the capital programs for Mara Poling as well as working with the Operations Team. John resides on his family's ranch in southwest Texas with his wife and two sons. He is a school board member, a Trustee of his church, and he leads several youth programs of the local 4-H Club. John received a B.S. in Agriculture from Texas A&M University.

MANAGER'S COMPENSATION

The following discussion summarizes some important areas of compensation to be received by the Manager and its Affiliates. If the Management Company defers or assigns to the LLC any of their respective compensation, the Management Company will be entitled to recover same at a later time within the same calendar year or at any time thereafter. Notwithstanding the foregoing, the Management Company has no obligation to waive, defer, or assign to the LLC any portion of such compensation at any time.

All compensation for the Management Company shall be derived from income sourced through the Properties in which the LLC invests. As mentioned above, each property the LLC acquires for purposes of investment shall be held by an SPE. Thus, the Management Company intends for all fees that constitute the Management Company's compensation will be deducted from income

derived from the Single Purpose Entities ("SPEs") at the SPE level prior to distribution to the LLC as income.

Form of Compensation	Estimated Amount or Method of Compensation
ACQUISITION FEE	The Management Company will be entitled to receive an acquisition fee of two percent (2%) of the purchase price of any target property acquired by the LLC, payable upon closing of the acquisition transaction of said target property.
ASSET MANAGEMENT FEE	The Management Company shall earn a monthly asset management fee equal to an annualized rate of Zero Point Eight Percent (0.8%) of the purchase price of each property payable directly from each SPE. The asset management fee shall be payable on a monthly basis.
PROFIT PARTICIPATION /CARRIED INTEREST	The Management Company will be entitled to receive Thirty Percent (30%) of the Distributable Cash after the Members receive their quarterly Preferred Returns (the "Carried Interest"). The Management Company will receive the Carried Interest at the same time the Members receive their cash distributions. (See "Terms of the Offering"; "Cash Distribution" above).
CONSTRUCTION MANAGEMENT FEE	The Management Company or its Affiliates shall be entitled to receive a construction management fee calculated as follows: Ten Percent (10%) of the actual costs and expenses associated with the improvement, rehabilitation or construction associated with the Properties (the "Construction Management Fee"). The Construction Management Fee shall be payable on a monthly basis in arrears.

FIDUCIARY RESPONSIBILITY OF THE MANAGEMENT COMPANY

Under applicable law, the Management Company is generally accountable to the LLC as a fiduciary, which means that the Management Company is required to exercise good faith and integrity with respect to LLC affairs and sound business judgment. This is a rapidly developing and changing area of the law, and Members should consult with their own legal counsel in this regard. The fiduciary duty of the Management Company is in addition to the other duties and obligations of, and limitations on, the Management Company set forth in the operating agreement of the LLC (hereinafter, the "Operating Agreement"). Investors should consult with their own independent counsel in this regard.

The LLC has not been separately represented by independent legal counsel in its formation or in the dealings with the Management Company, and Members must rely on the good faith and integrity of the Management Company to act in accordance with the terms and conditions of this Offering.

The Operating Agreement provides that the Management Company will not have any liability to the LLC for losses resulting from errors in judgment or other acts or omissions unless the Management Company is guilty of fraud, bad faith or willful misconduct. The Operating Agreement also provides that the LLC will indemnify the Management Company against liability and related expenses (including, without limitation, legal fees and costs) incurred in dealing with the LLC, Members, or third parties as long as no fraud, bad faith, or willful misconduct on the part of the Management Company is involved. Therefore, Members may have a more limited right of action than they would have absent these provisions in the Operating Agreement. A successful indemnification of the Management Company or any litigation that may arise in connection with the Management Company's indemnification could deplete the assets of the LLC. Members who believe that a breach of the Management Company's fiduciary duty has occurred should consult with their own legal counsel in the event of fraud, willful misconduct, or bad faith.

It is the position of the U.S. Securities and Exchange Commission that indemnification for liabilities arising from, or out of, a violation of federal securities law is void as contrary to public policy. However, indemnification will be available for settlements and related expenses of lawsuits alleging securities law violations if a court approves the settlement and indemnification, and also for expenses incurred in successfully defending such lawsuits if a court approves such indemnification.

RISK FACTORS

Although the Fund will attempt to comply with requests for the early withdrawal of the Membership Interests if the financial position of the Fund can accommodate it (See "Summary of Operating Agreement- Withdrawal" below), any investment in the Interests involves a significant degree of risk and is suitable only for investors who have NO NEED FOR LIQUIDITY in their investments. When analyzing this Offering, prospective investors should carefully consider each of the following risks and should also carefully consider the matters discussed herein under the captions "Manager's Compensation", "Conflicts of Interest," "Income Tax Considerations" and "ERISA Considerations."

INVESTMENT RISKS

No Registration: Limited Governmental Review

This Offering has not been registered with, or reviewed by, the U.S. Securities and Exchange Commission or any state agency or regulatory body, nor is registration contemplated.

Securities Exemption and Compliance

The Membership Interests are being offered in reliance on an exemption from the registration provisions of the Securities Act and State securities laws applicable to offers and sales to investors meeting the investor suitability requirements set forth in this Memorandum. If the Fund should fail to comply with the requirements of such exemption(s), Investors may have the right to rescind their purchases of Membership Interests. If a sufficient number of Investors were successful in seeking rescission, the Fund would face severe financial demands that would adversely affect the Fund as a whole and also the investment in the Membership Interests by the remaining Investors/Members.

Limited Transferability of Interests

Although the Fund will attempt to redeem Membership Interests when possible (see "Summary of Operating Agreement - Withdrawal" below), there is no public market for the Interests and none is expected to develop in the future. Even if a potential buyer could be found, the transferability of these Membership Interests is also restricted by the provisions of the Securities Act of 1933 and Rule 144 promulgated thereunder, and by the provisions of the Operating Agreement. Unless an exemption is available, these Interests may not be sold or transferred without registration under the Securities Act of 1933 and the prior written consent of applicable state securities regulators and agencies. Any sale or transfer of these Interests also requires the prior written consent of the Fund. (See herein "Summary of Operating Agreement" below.) Members possess very limited rights to withdraw from the Fund or to otherwise recover any of their invested capital. (See "Summary of Operating Agreement – Withdrawal" below.) Investors must be capable of bearing the economic risks of this investment with the understanding that these Interests may not be liquidated by resale or redemption and should expect to hold their Membership Interests as a long-term investment.

Size of the Offering

There is no assurance that the Fund will obtain capital investments equal to the amount required to close the Offering. In addition, receipt of capital investments of less than the Maximum Offering Amount will reduce the ability of the Fund to spread investment risks through diversification of its investment portfolio.

Speculative Nature of Investment

Investment in these Interests is speculative and, by investing, each Investor assumes the risk of losing the entire investment. The Fund has limited operations as of the date of this Private Placement Memorandum and will be solely dependent upon the Fund, which is subject to the risks described herein. Accordingly, only investors who are able to bear the loss of their entire investment and who otherwise meet the investor suitability standards should consider purchasing these Interests. (See "Investor Suitability" above.)

Conflicts of Interest

There are several areas in which the interests of the Management Company may conflict with those of the LLC. (See "Conflicts of Interest" below.)

Investors and Fund Not Independently Represented

The LLC has not been represented by independent legal counsel for its organization and dealings with the Management Company. In addition, the attorneys who have performed services for the LLC have also represented the Management Company but have not represented the interests of the investors or Members of the LLC. (See "Conflicts of Interest" below.)

Investment Delays

There may be a delay between the time the Investor submits the Subscription Agreement to the Management Company and the time the Minimum Offering Amount is reached, at which time the LLC can commence investing in Properties. After the Minimum Offering Amount is reached, there

may be a delay between the time Membership Interests are sold and the time the proceeds of this Offering are invested in properties by the LLC. During these periods, the LLC may invest these proceeds in short-term certificates of deposit, money-market funds or other liquid assets with FDIC- insured and/or NCUA-insured banking institutions which will not yield a return as high as the anticipated return to be earned on LLC property investments.

Size of the Offering

There is no assurance that the Fund will obtain capital investments equal to the amount required to close the Offering. In addition, receipt of capital investments of less than the Maximum Offering Amount will reduce the ability of the Fund to spread investment risks through diversification of its investment portfolio.

Price of Interests Arbitrarily Determined

The purchase price of the Membership Interests offered through this Memorandum has been arbitrarily determined and may not reflect their actual value. The purchase price of the Membership Interests has been arbitrarily determined and is not the result of arm's-length negotiations. It bears no relationship to any established criteria of value such as book value or earnings per share, or any combination thereof. Further, the price is not based on past earnings of the Fund, nor does the price necessarily reflect the current market value of the Fund. No valuation or appraisal of the Fund or the Fund's potential business has been prepared.

Broad Discretion in Use of Funds

The Fund has broad discretion on how to allocate the proceeds received as a result of this Offering and may use the proceeds in ways that differ from the proposed uses summarized in this Memorandum. If the Fund fails to invest and utilize the proceeds effectively, its business and financial condition could be harmed and there may be the need to seek additional financing to fund operations.

Lack of Regulation

The Management Company and the LLC are not supervised or regulated by any federal or state authority, except to the extent that the Offering will be required to file a Form D with the SEC and applicable state regulators.

No Public Market for Interests

There is no public market for the Membership Interests and Investors will have to hold their respective Interests indefinitely. In order to purchase the Membership Interests, Investors must represent that they are acquiring the Membership Interests for investment and not with a view to distribution or resale, and that they understand that the Membership Interests are not transferable and, in any event, that Investors must bear the economic risk of an investment in the Membership Interests for an indefinite period of time because: (1) once fully executed the Trust agreement may not be amended to change the beneficiaries; and (2) the Membership Interests have not been registered under the Securities Act or certain applicable state "Blue Sky" or securities laws, and that the Membership Interests cannot be sold unless they are subsequently registered or an exemption from such registration is available.

The LLC will not register any Membership Interests with the SEC or any State regulatory authority or apply for listing or quotation of the securities on any securities exchange or automated quotation system.

Reliance on Management Company

The Management Company (and/or its Affiliates) will participate in all decisions with respect to the management of the LLC, including (without limitation) determining which Properties to invest in, and the LLC is dependent to a significant degree on its continued services. In the event of the dissolution, death, retirement or other incapacity of the Management Company or its principals, the business and operations of the LLC may be adversely affected. The Members will then elect a new Manager or the Management Company shall appoint a new Manager pursuant to the Operating Agreement.

Market Risk Affecting Real Estate Values

The Fund is directly affected by real estate market conditions which are beyond the control of the Fund. As described above, factors affecting the real estate sector still persist and the real estate sector continues to be exposed to uncertainty surrounding future conditions. The Fund's portfolio and investments will be exposed to market risk affecting real estate values and deterioration of real estate values will adversely affect the real estate investments and the collateral of the Fund, and may result in losses in the portfolio.

Tax and ERISA Risks

Investment in the LLC involves certain tax risks of general application to all investors in the Fund, and certain other risks specifically applicable to Keogh accounts, Individual Retirement Accounts and other tax-exempt investors. (See "Income Taxation Considerations" and "ERISA Considerations" below).

Risks Associated with the Notes

Any indebtedness incurred by the Fund (e.g. through a credit line, issuance of Notes, etc.) may expose the Members to substantially greater risk. Notes are considered debt and therefore are senior to the distributions of Preferred Returns to Members and have priority of payment. In the event that there is no sufficient cash flow generated from operations by the Fund and the Fund has to pay Note holders, it may affect the Fund's ability to make distributions of the Preferred Return to the Members. In addition, leverage may involve restrictive covenants, interest obligations and other risks that are customary to organizations that employ leverage in financing their investments.

Unidentified Assets

None of the specific assets in which the LLC will invest in are identified at this time. Therefore, any potential investor is unable to evaluate the LLC's investment portfolio to determine whether to invest in the LLC. However, the general business goals of the LLC are to acquire, manage, remodel, develop, lease, repair and/or sell Properties located throughout the United States (with a primary focus in the state of Texas) as further described herein. Upon commencing operations, the LLC may later have specific, identifiable investment data which Members may review upon their request to the Management Company.

ORGANIZATIONAL RISKS

Conflicts of Interest

There are several areas in which the interests of the Management Company may conflict with those of the LLC. (See “Conflicts of Interest” below.)

Investors and Fund Not Independently Represented

The LLC has not been represented by independent legal counsel for its organization and dealings with the Management Company. In addition, the attorneys who have performed services for the LLC have also represented the Management Company but have not represented the interests of the investors or Members of the LLC. (See “Conflicts of Interest” below.)
Reliance on Manager

The Manager will make all decisions with respect to the management of the Fund; including (without limitation) determining all matters pertaining to the contemplated real property transactions and the Fund is dependent to a significant degree on its continued services. In the event of the dissolution, death, retirement or other incapacity of the Manager or its principals, the business and operations of the Fund may be adversely affected.

Loss of Key Individuals

Mr. Poling is a key principal of the Manager who possesses unique skills, knowledge and expertise in the business and investments of the Fund. The loss of either individual as an officer of the Manager would be a significant and material adverse consequence for the Fund. Such changes might be disruptive to the business of the Fund and impede the execution of the business strategy. Any failure to attract and retain qualified executives could negatively affect the business of the Fund.

New Fund Risks

The Fund is a new entity and has no operating history or track record. While principal officers of the Manager have experience in the areas in which the Fund will invest or participate, the Fund itself has a very limited history and virtually no operations to date. The business prospects of the Fund are difficult to evaluate, and because of the lack of operating history, it is more difficult to accurately assess the growth rate, earnings potential and investment return of the Fund and the Membership Interests.

It is possible that the Fund will face many difficulties typical for newly formed investment funds. These difficulties may include, among others: relatively limited financial resources, including, but not limited to, invested capital and borrowing facilities; sourcing quality investments and investment opportunities for its portfolio; delays in reaching its investment and performance goals; unanticipated start-up costs; potential competition from larger, more established companies; and difficultly recruiting and retaining qualified employees, vendors and other third party consultants. If the Fund is unable to successfully address these difficulties as they arise, the Fund’s future growth, earnings, investment returns and prospects as a going concern will be negatively affected.

Organizational Provisions

The provisions of the Operating Agreement afford some rights to Members, but in general, the Operating Agreement grants far greater rights and powers to the Manager. Some provisions of the Operating Agreement limit actions which may be taken by Investors, which may limit the opportunity of Members to sell their Membership Interests at a favorable price or to otherwise enforce their rights.

Reliance on Management Company

The Management Company will participate in all decisions with respect to the management of the LLC, including (without limitation) determining which Properties to purchase and originate, and the LLC is dependent to a significant degree on its continued services. In the event of the dissolution, death, retirement or other incapacity of the Management Company or its principals, the business and operations of the LLC may be adversely affected. The Members will then elect a new manager or the Management Company shall appoint a new manager pursuant to the Operating Agreement.

Unidentified Assets

None of the specific assets in which the LLC will invest in are identified at this time. Therefore, any potential investor is unable to evaluate the LLC's portfolio to determine whether to invest in the LLC. However, the general business goals of the LLC are to acquire, manage, remodel, develop, lease, and/or sell properties as further described herein. Upon commencing operations, the LLC may later have specific, identifiable portfolio data which Members may review upon their request to the Management Company.

Capital and Liquidity

The Fund may experience increased costs of liquidity in future periods as a result of its limited operating history. The Fund relies on this offering to raise the funds needed for the contemplated real property transactions, and the unavailability of such funds could adversely affect the ability of the Fund to complete the contemplated transaction. If the Fund cannot attract sufficient investment and/or debt capital, its success will be adversely affected.

BUSINESS RISKS

Viability of Business Strategy

As a new entity that will be created for a specific transaction, the Fund cannot assure or even adequately project that its business model, investment strategy, and strategic plans will be successful or that it will successfully address any problems that may arise. It is entirely possible that any Investor could lose his, her or its entire investment in the Fund. The Fund may incur significant losses, and there can be no assurance that the Interests will ever become a profitable investment. The ability of the Fund to become profitable depends on the performance of the underlying real estate transaction, and managing any problems that arise with the development and sale of the Properties. Unanticipated problems and expenses encountered in real estate transactions may have a negative impact on the Fund and the return on investment.

Financial Projections are Estimates Only

This Memorandum may contain financial information and financial projections that are forward-looking statements that involve significant risk and uncertainty. All materials or documents supplied by the Manager and the Fund, including, but not limited to, any such financials or projections, should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. The assumptions and facts upon which such financials and projections are based are subject to variations that may arise as future events actually occur and to a complex series of events, many of which are outside of either of the Manager's or the Fund's respective control. Any financial projections or numbers included herein are based on assumptions made by management of the Manager and the Fund about future events. There is no assurance that actual events will correspond with these assumptions. Actual results for any period may or may not approximate projections and may differ significantly. None of the Manager, the Fund, their respective directors, officers, employees, agents, nor any other person or entity, makes any representation or warranty as to the future profitability of the Fund or of an investment in the Membership Interests.

Operational Risks

The Fund is subject to operational risks, which may result in incurring financial losses. The Fund is exposed to many types of operational risk, including, but not limited to, the risk of fraud by employees or outsiders, the risk of operational errors, including (without limitation) clerical or recordkeeping errors or those resulting from faulty or disabled computer or telecommunications systems. Certain errors may be repeated or compounded before they are discovered and successfully corrected. The dependence of the Fund upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering with or manipulation of those systems will result in losses that are difficult to detect.

The Fund may be subject to disruptions of its systems, arising from events that are wholly or partially beyond its control (including, for example, computer viruses or electrical or telecommunications outages), which may give rise to losses in service to customers and to financial loss or liability. The Fund is further exposed to the risk that its external vendors may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees as the Fund is) and to the risk that its (or its vendors') business continuity and data security systems prove to be inadequate.

The Fund also faces the risk that the design of the controls and procedures may prove to be inadequate or are circumvented, thereby causing delays in detection of errors or inaccuracies in data and information. Although the Fund maintains a system of controls designed to keep operational risk at appropriate levels, it is possible that any lapses in the effective operations of controls and procedures could materially affect earnings or harm the reputation of the Fund. Any lapses or deficiencies in internal controls over financial reporting could be materially adverse to the Fund.

Reliance on Third Party Reports and Investigations

The Manager expects to rely heavily on third parties in identifying, evaluating and assessing investment opportunities for the Fund. For example, and without limitation, the Manager may rely on sponsor evaluations of opportunities, third-party appraisals or inspections and various title reports. By relying heavily on outside reports and investigations, the Fund will be subject to the

risk associated with the evaluation and reporting provided by these parties. As the Fund relies on information, data and reports from third-party service providers, the Fund may suffer from inaccurate or incomplete information.

Reliance on Technology

The Fund relies on communications, information, operating and financial control systems technology from third-party service providers, and the Fund may suffer an unexpected interruption in those systems. For example, the Fund may utilize an online portal to conduct some of the activities associated with this offering. Furthermore, the security of the Fund's network infrastructure is important to its business and its ability to protect customer information, and breaches of network security may result in customer information being compromised and/or identity theft, which would have a material adverse effect upon the business of the Fund.

Lack of Distributions

The Fund has not paid any distributions with respect to its outstanding Membership Interests and cannot predict when, or if, distributions will be paid. There is no guarantee the Fund will ever receive any profit from its operations so as to be able to declare and pay distributions. There can be no assurance with respect to the amount and timing of any distributions other than to the Members, or that they will ever be made. Future distributions will be determined by the Manager of the Fund in light of prevailing financial conditions, earnings, if any, as well as other relevant factors.

Competition

The Fund will be competing for investment opportunities and property acquisitions with other investment funds, private investors, institutional lenders, developers and investors and others engaged in the business of developing and improving multi-family Properties. These other competitors may have greater financial resources and experience than the Fund and the Manager. In particular, the Fund faces strong competition from other financial institutions, investors, funds, financial service companies and other organizations offering services similar to those that the Fund offers, which could hurt the overall business of the Fund. Many of these organizations and entities have a statewide or regional presence, and in some cases, a national presence. Many of these institutions are also significantly larger and have greater financial resources than the Fund has (or will be expected to ever have), have been in business for a long period of time and have established customer bases and name recognition.

Given the rapid changes affecting the global, national and regional economies generally and the real estate markets, in particular, the Fund may not be able to create and maintain a competitive advantage in the marketplace. The success of the Fund will depend on its ability to keep pace with any changes in its markets. The success of the Fund will depend on the ability of the Fund to respond to, among other things, changes in the economy, market conditions, the demands of real estate investors and consumers, competitive pressures, and the availability of credit and financing on a timely and cost-effective basis. Any failure by the Fund to anticipate or respond adequately to such changes could have a material adverse effect on the financial condition, operating results, liquidity, cash flow and investment returns of the Fund.

Investment Valuation

The LLC will generally look to the current and projected future valuation of the underlying property in order to determine whether or not to make the investment. To determine the fair market value of the property, the LLC will primarily rely on an appraisal, broker's price opinion (BPO), the Management Company's opinion of value of the property, or other similar options. An appraisal or other opinion is a judgment of an individual appraiser's or evaluator's interpretation of a property's value. Due to the differences in individual opinions, values may vary from one appraiser or evaluator to another. Furthermore, the appraisal or other opinion is merely the value of the real property at specific points in time. Market fluctuations and other conditions could cause the value of real property to increase or decline over time.
If the LLC does not correctly assess the current value and expected future value of a property investment, the LLC may not be able to generate a profit on such an investment. Further inaccurate valuations may lead to more significant issues.

Broad Indemnification Provided to Manager

The certificate of formation and Operating Agreement of the Fund limit the liability of, and provide indemnification for, the Manager and the respective directors, officers, employees and agents of the Fund and the Manager. The indemnification provided is to the full extent permitted under applicable Texas law. Those provisions may limit certain rights of the Members against such parties, and moreover, an indemnification by the Fund of the Manager or any indemnified individual may result in substantial out-of-pocket costs and expenses payable by the Fund. If the Fund is forced to provide indemnification for any of these indemnified parties, it is possible that the assets of the Fund could become depleted or the Fund may otherwise suffer a material adverse financial consequence as a result of its indemnity obligations. As of the date of this Memorandum, to the knowledge of the Fund, there is no pending litigation or proceeding that exists involving a director, officer, employee or agent of the Manager or the Fund where indemnification will be required or permitted.

Participation with Others

When participating in investments in Properties with others, the LLC or its Management Company may not have control over the determination of when and how to enforce its rights associated with a co-invested property. Depending on the terms of any participation agreement with the other owners, other such shareholders may have varied amounts of input into such decision-making process. The LLC may also enter into joint venture agreements and/or invest in LLCs for purposes of developing and selling real property. In doing so, the LLC may not take title to the Properties but may enter into contracts to develop Properties with a third party joint venture so that the LLC can share in the profits upon the sale of the Properties. Non-performance or breach of such a joint venture agreement will grant the LLC a cause of action for breach of contract against the third party joint venture but the LLC may not have a secured interest in the Properties itself.

Risks of Leveraging the LLC

If the LLC chooses to leverage the portfolio of the Fund or otherwise incur indebtedness (e.g. through a credit line, etc.) the Members may be exposed to substantially greater risk. Leverage may involve restrictive covenants, interest obligations and other risks that are customary to organizations that employ leverage in financing their investments.

Viability of Business Strategy

As a new entity without a proven track record, the Fund cannot assure or even adequately project that its business model, investment strategy and strategic plans will be successful or that it will successfully address any problems that may arise. It is entirely possible that any Member could lose his, her or its entire investment in the Fund. The Fund may incur significant losses, and there can be no assurance that the Interests will ever become a profitable investment. The ability of the Fund to become profitable depends on its success in sourcing sufficient investment capital, identifying strong investment and investment opportunities with sufficient risk-adjusted returns, and managing the portfolio of the Fund. Unanticipated problems and expenses encountered in real estate transactions and real estate may have a negative impact on the Fund, its portfolio and the return on investment.
If the Fund sustains losses over an extended period of time, the Fund may be unable to continue in business.

Geographic Concentration

The business activities and credit exposure of the Fund will be concentrating on specific regions within the Dallas/Fort Worth area of Texas and the Carolinas. As such, the Fund may suffer adverse consequences from the lack of geographic diversification of its assets. Circumstances that affect these regions are likely to have a significant impact on the Fund. Declines in these regions' real estate markets which are more severe or longer in duration than anticipated in the Fund's investment analysis and underwriting will hurt its business. If real estate values continue to decline, the Fund may experience greater exposure in its equity investments and the collateral for its investments will provide less security. As a result, the ability of the Fund to recover its investments by selling the underlying real estate will be diminished and the Fund would be more likely to suffer losses.

Viability of Business Strategy

The Management Company will arrange for title, fire, and casualty insurance on the real properties the LLC invests. However, there are certain types of losses, including catastrophic, war, floods, mudslides and other acts of God, which are either uninsurable or economically uninsurable. Although the LLC will ensure that sufficient reserves, capital expenditure reserves, and insurance policies are in place, some events may cause unrecoverable losses. The Management Company will use its best efforts to select Properties that are not in regions that are prone for such events. Should any such disaster occur, or if the insurance policies lapse through oversight, the LLC could suffer a loss by the uninsured property.

Fluctuations in Interest Rates

Mortgage interest rates are subject to abrupt and substantial fluctuations and the purchase of Membership Interests are a relatively illiquid investment. If prevailing interest rates rise above the average interest rate being earned by the LLC's portfolio, Members may wish to liquidate their investment to take advantage of higher available returns but may be unable to do so due to restrictions on transfer and withdrawal

Risks of Real Estate Ownership

There is no assurance that the LLC's owned Properties will be profitable or that cash from operations will be available for distribution to Members. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of property interests. The marketability and value of the LLC's Properties will depend upon many factors beyond the control of the Manager and the LLC, including, without limitation:

- changes in general or local economic conditions;
- changes in supply or demand for competing properties in an area (e.g., as a result of over-building);
- changes in interest rates;
- the promulgation and enforcement of governmental regulations relating to land use and zoning restrictions, environmental protection, and occupational safety;
- condemnation and other taking of property by the government;
- unavailability of mortgage funds that may increase borrowing costs and/or render the sale of a property difficult;
- unexpected environmental conditions;
- the financial condition of tenants, ground lessees, ground lessors, buyers and sellers of properties;
- changes in real estate taxes and any other operating expenses;
- energy and supply shortages and resulting increases in operating costs or the costs of materials and construction;
- various uninsured, underinsured or uninsurable risks (such as losses from terrorist acts), including risks for which insurance is unavailable at reasonable rates or with reasonable deductibles; and
- imposition of rent controls.

Risks of Development, Renovation, and Undeveloped Property

The Manager anticipates that the LLC will invest primarily in existing properties that require varying degrees of development. In addition, some Properties may be under construction or under contract to be developed or redeveloped. Properties that involve development or redevelopment will be subject to the general real estate risks described above and will also be subject to additional risks, such as unanticipated delays or excess costs due to factors beyond the control of the Manager and the LLC. These factors may include (without limitation):

- strikes;

- adverse weather;
- earthquakes and other "force majeure" events;
- changes in building plans and specifications;
- zoning, entitlement and regulatory concerns, including changes in laws, regulations, elected officials and government staff;
- material and labor shortages;
- increases in the costs of labor and materials;
- changes in construction plans and specifications;
- rising energy costs;
- delays caused by the foregoing (which could result in unanticipated inflation, the expiration of permits, unforeseen changes in laws, regulations, elected officials and government staff, and losses due to market timing of any sale that is delayed); and
- delays in completing any development or renovation project will cause corresponding delays in the receipt of operating income and, consequently, the distribution of any cash flow by the LLC with respect to such property.

Labor Relations

Real estate developments and real estate-related investments involve the risks relating to work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and other labor-related factors. The occurrence of one or more of such circumstances with respect to the LLC's investment in the Properties could result in increased costs, unanticipated delays of construction or interruptions it the operations of an investment.

Failures to Uncover Material Facts during Due Diligence may Result in unanticipated Expense or Loss

There can be no assurance that the due diligence processes conducted by the Management Company will uncover all relevant facts that would be material to an investment decision in the project or another investment. In making an assessment of the project and otherwise conducting customary due diligence, the Management Company will rely on the resources available to them and, in some cases, investigations by third parties. Although the Management Company will evaluate all such information and data and seek independent corroboration when it considers it appropriate to do so, the Management Company will not be in a position to confirm the completeness, genuineness, or accuracy of all such information and data, and in some cases, complete and accurate information will not be readily available.

In addition, the LLC will generally establish capital structures for prospective investments on the basis of financial projections for such investments. projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future

results that are based upon assumptions made at the time that the project is developed. There can be no assurance projected results will be obtained, and actual results may vary significantly from the LLC's projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Risks Associated With Buying Contaminated Properties

The LLC may acquire or invest in Properties with known environmental conditions for the purpose of remediating the contamination. Following completion of the remediation, such Properties could be resold to a developer. Such investments would generally be made only where the Manager believes that the liabilities associated with owning an interest in such a property can be appropriately protected against through insurance, indemnification or otherwise. The Manager would plan to use contractors, service providers and/or Affiliates to help the Manager in evaluating, servicing and managing issues associated with contaminated Properties, who will be covered under their own insurance policies.

Pandemic Risks

In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, surfaced in Wuhan, China. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and "shelter-in-place" or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. The short-term and long-term impact of COVID-19 on the operations of the LLC and its performance is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the LLC's lending activities.

Compliance with the Americans with Disabilities Act and Other Changes in Governmental Rules and Regulations

Under the Americans with Disabilities Act of 1990 (the "ADA"), all public properties are required to meet certain federal requirements related to access and use by disabled persons. Properties acquired by the Fund or in which the LLC makes a property investment may not be in compliance with the ADA. If a property is not in compliance with the ADA, then the LLC may be required to make modifications to such property to bring it into compliance, or face the possibility of imposition, or an award, of damages to private litigants. In addition, changes in governmental rules and regulations or enforcement policies affecting the use or operation of the Properties, including changes to building, fire and life-safety codes, may occur which could have adverse consequences to the LLC.

Unforeseen Changes

While the Fund has enumerated certain material risk factors herein, it is impossible to know all risks which may arise in the future. In particular, Members may be negatively affected by changes in any of the following: (i) laws, rules and regulations; (ii) regional, national and/or global economic factors and/or real estate trends; (iii) the capacity, circumstances and relationships of partners of

Affiliates, the Fund or the Manager; (iv) general changes in financial or capital markets, including (without limitations) changes in interest rates, investment demand, valuations or prevailing equity or bond market conditions; or (v) the presence, availability or discontinuation of real estate and/or housing incentives.

The Fund continuously encounters changes in its operating environment, and the Fund may have fewer resources than many of its competitors to continue to adjust to those changes. The operating environment of the Fund is undergoing rapid changes, with frequent introductions of laws, regulations, competitors, market approaches, and economic impacts. Future success will depend, in part, upon the ability of the Fund to address the needs of its borrowers, sponsors and clients by adapting to those changes and providing products and services that will satisfy the demands of their respective businesses and projects. Many of the competitors have substantially greater resources to adapt to those changes. The Fund may not be able to effectively react to all of the changes in its operating environment or be successful in adapting its products, services and approach.

Investment Company Act Risks

The Fund intends to avoid becoming subject to the Investment Company Act of 1940, as amended (the "1940 Act"); however, the Fund cannot assure prospective investors that under certain conditions, changing circumstances or changes in the law, the Fund may not become subject to the 1940 Act in the future as a result of the determination that the LLC is an "investment company" within the meaning of the 1940 Act that does not qualify for an exemption as set forth below. Becoming subject to the 1940 Act could have a material adverse effect on the LLC. Additionally, the LLC could be terminated and liquidated due to the cost of registration under the 1940 Act. In general, the 1940 Act provides that if there are 100 or more investors in a securities offering, then the 1940 Act could apply unless there is an exemption; however, the 1940 Act generally is intended to regulate entities that raise monies where the entity itself "holds itself out as being engaged primarily, or purposes to engage primarily, in the business of investing, reinvesting or trading in securities" (Section 3(a)(1)(A) of the 1940 Act).

The second key definition of an "investment company" under the 1940 Act considers the nature of an entity's assets. Section 3(a)(1)(C) of the 1940 Act defines "investment company" as any issuer that: "...is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis." Section 3(b)(1) of the 1940 Act provides that a company is not an "investment company" within the meaning of the 1940 Act if it is: "[An] issuer primarily engaged, directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities..."

Section 3(c) of the 1940 Act provides for the following relevant exemptions: "Notwithstanding subsection (a), none of the following persons is an investment company within the meaning of this title: (1) Any issuer whose outstanding securities (other than short- term paper) are beneficially owned by not more than one hundred (100) persons [emphasis added] and which is not making and does not presently propose to make a public offering of its securities. Such issuer shall be deemed to be an investment company for purposes of the limitations set forth in subparagraphs (A)(i) and (B)(i) of section 12(d)(1) governing the purchase or other acquisition by such issuer of any security issued by any registered investment company and the sale of any

security issued by any registered open-end investment company to any such issuer. For purposes of this paragraph: (A) Beneficial ownership by a company shall be deemed to be beneficial ownership by one person, except that, if the company owns 10 per centum or more of the outstanding voting securities of the issuer, and is or, but for the exception provided for in this paragraph or paragraph (7), would be an investment company, the beneficial ownership shall be deemed to be that of the holders of such company's outstanding securities (other than short-term paper). (B) Beneficial ownership by any person who acquires securities or interests in securities of an issuer described in the first sentence of this paragraph shall be deemed to be beneficial ownership by the person from whom such transfer was made, pursuant to such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title, where the transfer was caused by legal separation, divorce, death, or other involuntary event. (5) Any person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses: (A) Purchasing or otherwise acquiring notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services; (B) making loans to manufacturers, wholesalers, and retailers of, and to prospective purchasers of, specified merchandise, insurance, and services; and (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate [emphasis added]." Based upon the above, the LLC has been advised that the Offering is exempt under the 1940 Act and that the 3(c)(1) and 3(c)(5)(C) exemptions will apply. However, there are no assurances that this will ultimately be the case.

Reliance on Third Parties

The Manager expects to rely heavily on third parties in performing certain actions for the Fund. For example, and without limitation, the Manager may rely on title companies, escrow agents and/or other third parties. By relying heavily on outside parties, the Fund will be subject to the risk associated with the services provided by these parties. As the Fund relies on such performance, incomplete or improper performance of actions by these parties could result in substantial adverse effects for the Fund. In many cases, the Fund may be liable and/or subject to losses due to fraudulent and negligent acts on the part of investment sponsors, brokers, other vendors and the employees of the Fund.

When the Fund makes equity investments, the Fund relies heavily upon information supplied by third parties, including, but not limited to, the information contained in the appraisal, title information, sponsorship track record, and cash flow and income documentation. If any of this information is intentionally or negligently misrepresented and such misrepresentation is not detected prior to the closing of the investment or the funding, the value of the real estate, and the investment may be significantly lower than expected and the risks associated with such investment may be significantly higher than expected. Whether a misrepresentation is made by the sponsor, the broker, another third party or employee of the Fund, the Fund may ultimately bear the risk of loss associated with the misrepresentation. Even though the Fund may have legal rights against persons and entities who made or knew about the misrepresentation, such persons and entities may be difficult to locate and it is often difficult to collect any monetary losses that the Fund has suffered as a result of their actions. The Fund plans to implement controls and processes designed to help it identify misrepresented information in its equity investments. The Fund cannot assure, however, that it has detected or will detect all misrepresented information in its equity investments. The Fund is subject to losses due to fraudulent and/or negligent acts in other parts of its operations. If the Fund experiences or detects a significant number of such

fraudulent or negligent acts, its business, financial condition, liquidity and results of operations would be significantly harmed.

Loss of Third Party Relationships

Loss of key third party advisors, consultants, vendors and/or suppliers may materially affect the success or failure of the Fund. Due to the specialized nature of the business of the Fund, having certain key personnel, whether internally, through the Manager or with outsourced third-party arrangements, is essential to the creation, management and operation of the business and the Fund portfolio. In addition to the Manager, the Fund engages and depends on operations and underwriting personnel, accountants, attorneys and other advisors. The Fund has limited control over these third parties and may not have long-term contractual relationships with them. Consequently, the loss of any of those relationships or individuals, the ability to obtain needed services on terms favorable to us, or the failure of such services to meet a satisfactory standard, may have a substantial effect on the future success or failure of the Fund.

Portfolio Losses

The investments of the Fund are dependent on, or secured by, real property and are subject to risk of loss of all or a portion of invested capital or the principal and interest payable. Numerous factors affect the risk in the portfolio, including, without limitation, the following:

- Property location and condition;
- Competition and demand for comparable properties;
- Changes in zoning laws for the property or its surrounding area;
- Environmental contamination at the property;
- The occurrence of any uninsured casualty at the property;
- Changes in national, regional or local economic conditions;
- Declines in regional or local real estate values;
- Increases in interest rates and/or real estate tax rates;
- Changes in governmental rules, regulations and fiscal policies, including environmental legislation and tax laws; and
- Other events such as acts of God, natural disasters, war, terrorism, social unrest and civil disturbances.

In the event of loss in the portfolio, the Fund may bear a risk of loss of principal to the extent any discrepancies exist between the value of the Property in a sale, and the amount of invested capital in the project or the principal investment. Such losses could have a material adverse effect on the income and cash flow from operations of the Fund. The Fund is exposed to greater risks of loss when the Fund makes equity investments, or uses external leverage.

Cash Flow and Earnings

The Fund expects limited earnings and net losses resulting from operations during the start-up, capital raising and initial investment phase of the Fund. No assurance can be given as to when or if the Fund will reach profitability. Changes in the value of real estate owned by the Fund may lead to volatility in cash flow and market risk.

Variability in Revenues and Profits

The strategy of the Fund may result in increased volatility of revenues and earnings. The strategy is focused on investments in residential real estate. These types of activities, while potentially more profitable, are generally more sensitive to regional and local economic conditions, making loss levels more difficult to predict. Collateral evaluation and financial analysis in these types of investments require more detailed analysis and monitoring. Real estate markets have experienced a significant downturn since 2007 (and continue through the date of this Memorandum). Further declines in real estate values, particularly in Texas, may further reduce the value of the real estate that underlies the Fund's investments, which increases the risk that the Fund could incur losses in its portfolio. Such losses could negatively impact the earnings of the Fund, and consequently, the investment made in the Fund by Investors.

The revenues and profitability of the Fund may be adversely affected by declining net investment returns and net interest income. Allowance for losses may prove to be insufficient to absorb possible losses inherent in the investment portfolio. The business is also subject to general economic risks that could adversely impact the results of operations and financial condition.

Because of the anticipated nature of the real estate investments that the Fund will hold in its portfolio, it is difficult to accurately forecast revenues and operating results and these items could fluctuate in the future due to a number of factors. These factors may include, among other things, the following:

- The ability of the Fund to raise sufficient capital to take advantage of investment opportunities and generate sufficient returns to cover expenses and make distributions to Members.
- The ability of the Fund to source strong investments with sufficient risk adjusted returns.
- The ability of the Fund to manage its capital and liquidity requirements based on changing market conditions generally and changes in the real estate market.
- The acceptance of the terms and conditions of the Fund on investments and/or the acceptance of its financial products and services.
- The amount and timing of capital investments in the portfolio.
- The amount and timing of liquidity events in the portfolio.
- The amount and timing of operating and other costs and expenses.
- The nature and extent of competition from other companies that may reduce market share and create pressure on pricing and investment return expectations.

- Adverse changes in the global, national and regional economies, and/or in the real estate sub-markets in which the Fund will invest, including, but not limited to, changes in real estate values, performance, housing incentives, interest rates, capital availability, and market demand.
- Adverse changes in the projects in which the Fund plans to invest which result from factors beyond the control of the Fund, including, but not limited to, a change in circumstances, capacity and economic impacts.

- Adverse changes in real estate values, performance, and market demand.

- Changes in laws, regulations, accounting, taxation, and other requirements affecting the operations and investments of the Fund.

- The operating results of the Fund may fluctuate from year to year due to the factors listed above and others not listed. At times, these fluctuations may be significant.

Accounting Infrastructure

The Fund's accounting policies and methods are fundamental to how it reports its financial condition and results of operations. The Fund may use estimates in determining the value of certain of its assets, which estimates may prove to be imprecise and result in significant changes in valuation. If the Fund cannot maintain an effective system of internal and disclosure controls, the Fund may not be able to accurately report its financial results or prevent fraud.

The Fund may also use financial models to value certain of assets. These models may be imprecise due to their reliance on asset-specific information, information from third parties, and for various other reasons. Further, the Fund may be required to make certain assumptions in compiling its financial statements. These assumptions may be complex and may require the Manager to make judgments about the effect and impact of various matters and circumstances that may also be uncertain and/or unpredictable.

Entitlement Process and Land Zoning Laws

The local, county, and/or state laws related to the land uses, zoning, and/or entitlement processes, are incredibly complex. The state of Texas has unique and specific laws that the Management Company and/or Affiliates must comply. The Management Company and/or Affiliates and/or principals thereof, must provide variety of documentation and obtain approval from various local, county, and/or state regulators. In the event such regulators deny the approval process, a project will be substantially delayed, and the Members' capital may be held up longer than anticipated. In addition, there are political and community risks when it involves entitlement. For example, the local body and/or citizens of Dallas/Fort Worth, Texas may heavily disfavor the project and impact the community negatively. In such event, the regulators may delay, if not, altogether deny the project's proposal, causing substantial damage to the project and negatively impact the returns or lose capital in its entirety.

Appraisals

The Company will generally rely on appraisals from licensed independent appraisers to determine the fair market value of Properties to be purchased by the Company. In certain other instances, the Company may rely on opinions of value from other sources, such as the price of a recent sale

of that particular property or comparable properties and an opinion of value from the Company itself or a real estate broker knowledgeable in the area where the property is located. An appraisal or an opinion of value of the Properties will be obtained as part of the Manager's due diligence. If an appraisal is obtained, the appraiser then prepares a report based on the appraiser's knowledge of values in the area and on a current market analysis of recent sales of comparable properties. The appraisal will generally be made within fourteen (14) days before the Property is acquired by Company, although the appraisals may be older in certain circumstances. The appraisal, in the case of a property undergoing construction, repair or remodeling, will contain opinions of value based on either on the current as-is value of the property or after completed value based on the preliminary construction design plans, the Company holding funds for rehabilitation or construction i.e., the value of the property prior to obtaining the entitlements or completing the construction or repairs, or an opinion of value prepared on an "as completed" basis, i.e., assuming that the entitlements will be approved.

IF THE APPRAISER'S REPORT OR BROKER'S OPINION OF VALUE INCORRECTLY GIVES A VALUE IN EXCESS OF THE PROPERTY'S VALUE AS COMPLETED OR REHABILITATED OR AS-IS VALUE, THEN THE RISK OF LOSS IN THE EVENT OF THE INABILITY TO DEVELOP OR SELL THE PROPERTY WILL BE SIGNIFICANTLY INCREASED.

Additionally, there could be differences in the determination of value depending on whether opinions of value or appraisals are used in the process. Opinions of value, which may be obtained from real estate brokers or may be generated by the Company directly, may not be supported by the comparable data and other information produced by qualified appraisers in the preparation of an appraisal. Appraisals may be viewed as more reliable than opinions of value because of the independence and expertise of the appraiser. It is difficult to assess whether this perception is accurate and whether, as a result, opinions of value present greater risk to potential Investors than appraisals because in either event, as disclosed above, neither appraisals nor opinions of value may be accurate.

Use of Forward-Looking Statements

The ability of the Fund to accomplish its objectives, and whether or not the Fund will be financially successful is dependent upon numerous factors, each of which could have a material effect on the results obtained. Some of these factors are within the discretion and control of the Manager and others are beyond the Manager's control. The assumptions and hypotheses used in preparing any forward-looking assessments of profitability made by the Manager and presented in this Memorandum are based on information currently available to the Manager. There can be no assurance, however, that any projections or assessments provided in this Memorandum will ever be realized or achieved at any level.

CONFLICTS OF INTEREST

The following is a list of some of the important areas in which the interests of the Management Company and its Affiliates may conflict with those of the Fund. The Members must rely on the general fiduciary standards and other duties which may apply to a manager of a limited liability company to prevent unfairness by any of the aforementioned in a transaction with the Fund. (See "Fiduciary Responsibility of the Manager" above.)

Non-Arms' Length Compensation

The Fund or the Management Company will determine in good faith whether or not to enter any investments in Properties, or to enter into any transaction, on behalf of the LLC. None of the Management Company's or its affiliated companies' compensation described herein was negotiated at "arms' length."

Fund Management Not Required to Devote Full-Time

The Manager is not required to devote its capacities full-time to the Fund's affairs, but only such time as the affairs of the Fund may reasonably require.

Competition with Affiliates of the Fund

Although they currently have no intention to do so, there is no restriction preventing the Fund or any of its affiliates, principals, Members, or management from competing with the Fund by investing in properties or sponsoring the formation of other investment groups like the Fund to invest in similar areas. If the Fund or any of its principals were to do so, then when considering each new investment opportunity, the Fund or such affiliate, principal or manager would need to decide whether to originate or hold the resulting transaction in the Fund, as an individual or in a competing entity. This situation would compel the Manager to make decisions that may at times favor persons other than the Fund. The Operating Agreement exonerates the Fund and its affiliates, principals and management from any liability for investment opportunities given to other persons.

Other Companies & Partnerships or Businesses

The Management Company and its managers, principals, directors, officers or affiliates may engage, for their own account or for the account of others, in other business ventures similar to that of the Fund or otherwise, and neither the Fund nor any Member shall be entitled to any interest therein. As such, there exists a conflict of interest on the part of the Manager because there may be a financial incentive for the Manager to arrange or originate transactions for private investors and other funds. Further, the Manager may be involved in creating other real estate funds that may compete with the LLC.

The Fund will not have independent management and it will rely on the Manager and its managers, principals, directors, officers and/or affiliates for the operation of the Fund. The Management Company and these individuals/entities will devote only so much time to the business of the Fund as is reasonably required. The Manager may have conflicts of interest in allocating management time, services and functions between various existing companies, the Management Company and any future companies which it may organize as well as other business ventures in which it or its managers, principals, directors, officers and/or affiliates may be or become involved. The Manager believes it has sufficient staff to be fully capable of discharging its responsibilities.

Lack of Independent Legal Representation

Investors and the LLC have not been represented by independent legal counsel to date. The use of the Manager's counsel in the preparation of this Memorandum and the organization of the LLC may result in a lack of independent review. Investors are encouraged to consult with their own

attorney for legal advice in connection with this Offering. Also, since legal counsel for the Management Company prepared this Offering, legal counsel will not represent the interests of the Members at any time.

Conflict with Related Programs

The Manager and its managers, principals, directors, officers and/or affiliates may cause the Fund to join with other entities organized by the Management Company for similar purposes as partners, joint venturers or co-owners under some form of ownership of repossessed real property. The interests of the Fund and those of such other entities may conflict, and the Fund controlling or influencing all such entities may not be able to resolve such conflicts in a manner that serves the best interests of the Fund.

Other Services Provided by the Management Company or its Affiliates

The Management Company or its Affiliates may provide other services to persons dealing with the LLC or the Properties. The Management Company or its Affiliates are not prohibited from providing services to, and otherwise doing business with, the persons that deal with the LLC, the Membership Interests, or the Members.

Sale of Real Estate to Affiliates

In the event the LLC seeks to sell a Property, the Management Company's first priority will be to arrange for the sale of the property for a price that will permit the LLC to recover the full amount of its invested capital plus accrued but unpaid interest and other charges, or so much thereof as can reasonably be obtained in light of current market conditions. In order to facilitate such a sale the Management Company may, but is not required to, arrange a sale to persons or entities controlled by it. The Management Company will be subject to conflicts of interest in arranging such sales since it will represent both parties to the transaction. For example, the LLC and the potential buyer will have conflicting interests in determining the purchase price and other terms and conditions of sale. The Management Company's decision will not be subject to review by any outside parties. The LLC may sell a foreclosed property to the Management Company or an Affiliate at a price that is fair and reasonable for all parties, but no assurance can be given that the LLC could not obtain a better price from an independent third party.

Investments in the LLC

The Manager or an Affiliate may elect, in good faith, to invest in the LLC through an acquisition of Membership Interests through the Offering. There is no limitation on the ability of the Manager to acquire Membership Interests in the Offering or to participate as a result of its ownership of Membership Interests as a Member in the LLC.

Creditor Relationship with the LLC

If the LLC chooses to employ leverage, the LLC may obtain such leverage from the Manager or an Affiliate. Any such arrangement would render the Manager or Affiliate, as applicable, in the position of a creditor vis-à-vis the LLC (which would be a debtor as a result of obtaining such access to leverage). As a creditor, the Management Company or Affiliate may have interests or views that are contrary to, or otherwise in conflict with, the interests and views of the Members. While the Manager would nevertheless be expected to exercise its fiduciary duty for Members in

managing the LLC, the Manager would clearly have a conflict from its or its Affiliate's creditor relationship with the Fund.

The entry into a credit or leverage relationship between the LLC and the Manager or an Affiliate will generally be on terms and conditions that are fair and reasonable for all parties, but no assurance can be given that the LLC could not obtain better terms and conditions or a more favorable arrangement from an independent third party.

LEGAL PROCEEDINGS

Neither the Fund, Manager nor any of its managers, principals, directors or officers of the Fund are now, or within the past five (5) years have been, involved in any material litigation or arbitration.

INCOME TAX CONSIDERATIONS

Federal Income Tax Aspects

The following discussion generally summarizes the material federal income tax consequences of an investment in the Fund based upon the existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable Treasury regulations thereunder, current administrative rulings and procedures and applicable judicial decisions. However, it is not intended to be a complete description of all tax consequences to prospective Investors with respect to their investment in the Fund. No assurance can be given that the Internal Revenue Service (the "IRS") will agree with the interpretation of the current federal income tax laws and regulations summarized below. In addition, the Fund or the Investors may be subject to state and local taxes in jurisdictions in which the Fund may be deemed to be doing business.

ACCORDINGLY, ALL PROSPECTIVE INVESTORS SHOULD INDEPENDENTLY SATISFY THEMSELVES REGARDING THE POTENTIAL FEDERAL AND STATE TAX CONSEQUENCES OF PARTICIPATION IN THE COMPANY AND ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS, ATTORNEYS OR ACCOUNTANTS IN CONNECTION WITH ANY INTEREST IN THE COMPANY. EACH PROSPECTIVE INVESTOR/SHAREHOLDER SHOULD SEEK, AND RELY UPON, THE ADVICE OF THEIR OWN TAX ADVISORS IN EVALUATING THE SUITABILITY OF AN INVESTMENT IN THE COMPANY IN LIGHT OF THEIR PARTICULAR INVESTMENT AND TAX SITUATION.

Tax Law Subject to Change

Frequent and substantial changes have been made, and will likely continue to be made, to the federal and state income tax laws. The changes made to the tax laws by legislation are pervasive, and in many cases, have yet to be interpreted by the IRS or the courts.

State and Local Taxes

A description or analysis of the state and local tax consequences of an investment in the Fund is beyond the scope of this discussion. Prospective Members are advised to consult their own tax counsel and advisors regarding these consequences and the preparation of any state or local tax returns that an Investor may be required to file.

Federal Partnership Treatment

The LLC is likely to be treated as a partnership under the Internal Revenue Code of 1986 (the "Code"). Assuming that the LLC has been properly formed under Texas law, is operated in accordance with applicable Texas corporate and business law and the terms of the Operating Agreement, it is the LLC's opinion that, if the matter were litigated, it is more likely than not that the LLC would prevail as to its classification and would be taxed as a partnership for federal income tax purposes. If the Internal Revenue Service ("the IRS") determined that the LLC was an association taxable as a corporation for federal income tax purposes, there would be significant adverse tax consequences to the LLC and possibly to its investors, including (without limitation) the LLC would have to pay tax on its net income and then the investor would have to pay tax on any distributions as dividends as opposed to interest income.

IRS Audits

Informational returns filed by the LLC are subject to audit by the IRS. The IRS devotes considerable attention to the proper application of the tax laws to partnerships. An audit of the LLC's return may lead to adjustments which adversely affect the federal income tax treatment of Membership Interests and cause Members to be liable for tax deficiencies, interest thereon and penalties for underpayment. An audit of the LLC's tax return could also lead to an audit of their individual tax return that may not otherwise have occurred, and to the adjustment of items unrelated to the LLC. Prospective investors should make their determination to invest based on the economic considerations of the LLC rather than any anticipated tax benefits. Furthermore, the IRS has taken the position in Temp. Reg. 1.163- 9T that any interest on income taxes owed by an individual is personal interest, subject to limitations on deduction, regardless of the nature of the activity that produced the income that was the source of the tax.

Sale or Disposition of Membership Interests and/or Fund Assets

The Membership Interests are restricted securities and subject to substantial restriction on transfer or sale of its securities. (See "Restrictions on Transfer" above). Notwithstanding the foregoing, in the event that the Member transfers or dispose of its Membership Interests, whether through redemption or transfer, the Member will incur tax for such transaction. In addition, there may be adverse tax consequences for any of the LLC's nonrecourse liabilities with respect to the LLC assets. Wherever applicable, such income and/or gain may be treated as ordinary income (as opposed to capital gain).

In addition, if the Management Company or its Affiliates sells or disposes any or all of the assets, the LLC (and its Members) may incur taxes at ordinary income. In addition, the sale of properties may trigger a "dealer" status under the Code, which may result in income being treated as ordinary income. The Members are encouraged to speak to his, her, or its own tax advisors with respect to the LLC and its investments.

Profit Objective of the LLC

Deductions will be disallowed if they result from activities not entered into for profit to the extent that such deductions exceed an amount equal to the greater of: (a) the gross income derived from the activity; or (b) deductions (such as interest and taxes) that are allowable in any event. The applicable Treasury Department regulations indicate a transaction will be considered as entered into for profit where there is an expectation of profit in the future, either of a recurring type or from

the disposition of property. In addition, the Code provides, among other things, an activity is presumed to be engaged for profit if the gross income from such activity for three (3) of the five (5) taxable years ending with the taxable year in question exceeds the deductions attributable to such activity. It is anticipated that the Fund will satisfy this test.

Understatement Penalties

The LLC will be subject to substantial understatement penalty in the event that it understates its income tax. The IRS imposes a penalty of 20% on any substantial understatement of income tax. Furthermore, the IRS can charge interest on underpayments of income tax exceeding One Hundred Thousand ($100,000) for any tax year owing by certain corporations at a rate that is higher than the normal interest rate. The Management Company strongly advises prospective investors to consult with their own tax advisor to be sure that they fully evaluate the proposed tax treatment of LLC as described herein.

Unrelated Business Taxable Income

The LLC may generate unrelated business taxable income for Members that are qualified plans or exempt organizations. Investors should be aware also that the issue of how the unrelated business taxable income of a qualified plan or exempt organization should be taxed is regularly under discussion by one or more committees of Congress.

ERISA CONSIDERATIONS

The following is a discussion of how certain requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Code relating to Employee Benefit Plans and certain Other Benefit Arrangements (each as defined below) may affect an investment in the Membership Interests. It is not, however, a complete or comprehensive discussion of all employee benefits aspects of such an investment. If the Investors are trustees or other fiduciaries of an Employee Benefit Plan or Other Benefit Arrangement, before purchasing Membership Interests, they should consult with their own independent legal counsel to assure that the investment does not violate any of the applicable requirements of ERISA or the Code, including, without limitation, the ERISA fiduciary rules and the prohibited transaction requirements of ERISA and the Code.

ERISA Fiduciary Duties

Under ERISA, persons who serve as trustees or other fiduciaries of an Employee Benefit Plan have certain duties, obligations and responsibilities with respect to the participants and beneficiaries of such plans. Among the ERISA fiduciary duties is the duty to invest the assets of the plan prudently, and the duty to diversify the investment of plan assets so as to minimize the risk of large losses. An "Employee Benefit Plan" is a plan subject to ERISA that is an employee pension benefit plan (such as a defined benefit pension plan or a section 401(k) or 403(b) plan) or any employee welfare benefit plan (such as an employee group health plan).

Prohibited Transaction Requirements

Section 406 of ERISA and Section 4975 of the Code proscribe certain dealings between Employee Benefit Plans or Other Benefit Arrangements, on the one hand, and "parties-in interest" or "disqualified persons" with respect to those plans or arrangements on the other. An "Other Benefit Arrangement" is a benefit arrangement described in Section 4975(e)(1) of the Code (such

as a self- directed individual retirement account ("IRA"), other than an Employee Benefit Plan. Prohibited transactions include, directly or indirectly, any of the following transactions between an Employee Benefit Plan or Other Benefit Arrangement and a party in interest or disqualified person:

(a) sales or exchanges of property;

(b) lending of money or other extension of credit;

(c) furnishing of goods, services or facilities; and

(d) transfers to, or use by or for the benefit of, a party in interest or disqualified person of any assets of the Employee Benefit Plan or Other Benefit Arrangement.

(e) In addition, prohibited transactions include any transaction where a trustee or other fiduciary of an Employee Benefit Plan or Other Benefit Arrangement:

(f) deals with plan assets for his own account,

(g) acts on the behalf of parties whose interests are adverse to the interest of the plan,
(h) or

(i) receives consideration for his own personal account from any party dealing with the
(j) plan with respect to plan assets.

The terms "party in interest" under ERISA and "disqualified person" under the Code have similar definitions. The terms include persons who have particular relationships with respect to an Employee Benefit Plan or Other Benefit Arrangement, such as:

(a) fiduciaries;

(b) persons rendering services of any nature to the plan;

(c) employers any of whose employees are participants in the plan, as well as owners of 50% or more of the equity interests of such employers;

(d) spouses, lineal ascendants, lineal descendants, and spouses of such ascendants or descendants of any of the above persons;

(e) employees, officers, directors and 10% or more owners of such fiduciaries, service providers, employers or owners;

(f) entities in which any of the above-described parties hold interests of 50% or more; and

(g) 10% or more joint venturers or partners of certain of the parties described above.

Certain transactions between Employee Benefit Plans or Other Benefit Arrangements and parties in interest or disqualified persons that would otherwise be prohibited transactions are exempt from the prohibited transaction rules due to the application of certain statutory or regulatory exemptions. In addition, the United States Department of Labor (the "DOL") has issued class exemptions and individual exemptions for certain types of transactions. Violations of the

prohibited transaction rules may require the prohibited transactions to be rescinded and will cause the parties in interest or disqualified persons to be subject to excise taxes under Section 4975 of the Code.

Investments in the Fund

If any Investor is a fiduciary of an Employee Benefit Plan, the investor must act prudently and ensure that the plan's assets are adequately diversified to satisfy the ERISA fiduciary duty requirements. Whether an investment in the Fund is prudent and whether an Employee Benefit Plan's investments are adequately diversified must be determined by the plan's fiduciaries in light of all of the relevant facts and circumstances. A fiduciary should consider, among other factors, the limited marketability of the Interests.

Investors also should be aware that under certain circumstances the DOL may view the underlying assets of the Fund as "plan assets" for purposes of the ERISA fiduciary rules and the ERISA and Internal Revenue Code prohibited transaction rules. DOL regulations indicate that Fund assets will not be considered plan assets if less than 25% of the value of the Membership Interests is held by Employee Benefit Plans and Other Benefit Arrangements.

The Fund anticipates that if any Investor is an Employee Benefit Plan subject to ERISA, the Fund will limit the investments by all Employee Benefit Plans and Other Benefit Arrangements to ensure that the 25% limit is not exceeded. Because the 25% limit is determined after every subscription or redemption, the Fund has the authority to require the redemption of all or some of the Interests held by any Member that is an Employee Benefit Plan or Other Benefit Arrangement if the continued holding of such Interests, in the sole opinion of the Fund, could result in the Fund being subject to the ERISA fiduciary rules.

If there are no Employee Benefit Plan investors in the Fund, the Fund anticipates that investments by Other Benefit Arrangements (such as self-directed IRAs) may exceed the 25% limit. This situation may cause the underlying assets of the Fund to be considered plan assets for purposes of the Code prohibited transaction rules. In such a case, the Other Benefit Arrangement investors must ensure that their investments do not constitute prohibited transactions under Section 4975 of the Code. Such investors should consult with independent legal counsel on these issues.

Special Limitations

The discussion of the ERISA fiduciary aspects and the ERISA and Code prohibited transaction rules contained in this Memorandum is not intended as a substitute for careful planning. The applicability of ERISA fiduciary rules and the ERISA or Code prohibited transaction rules to Investors may vary from one Investor to another, depending upon that Investor's situation. Accordingly, Investors should consult with their own attorneys, accountants and other personal advisors as to the effect of ERISA and the Code on their situation of a purchase and ownership of the Membership Interests and as to potential changes in the applicable law.

LEGAL RISKS

Tax and ERISA Risks

Investment in the LLC involves certain tax risks of general application to all investors in the Fund, and certain other risks specifically applicable to Keogh accounts, Individual Retirement Accounts

and other tax-exempt investors. (See “Income Taxation Considerations” and “ERISA Considerations” above).

Developments in Financial Sector and Broader Economy

The LLC is subject to general economic risks that could adversely impact its results of operations and financial condition. The Fund is directly affected by market conditions, broad trends, legislative and regulatory changes, and changes in governmental monetary and fiscal policies and inflation, all of which are beyond the control of the Fund. Starting in 2007, the real estate sector generally, and the housing sector in particular, experienced a severe economic downturn. Factors affecting the real estate sector still persist and the real estate sector continues to be exposed to uncertainty surrounding future conditions. While the effects of the ongoing market challenges creates investment opportunities under the business model of the LLC, further deterioration in market conditions, continuing corrections in real estate market prices and reduced levels of sales could result in further price reductions in real estate values and could adversely affect the real estate investments of the LLC.

Litigation Risks

The Management Company will act in good faith and use reasonable judgment for investing in, purchasing and managing properties. It is impossible to foresee the allegations that aggrieved parties will bring against the Management Company or the LLC, but the Management Company will use its best efforts to avoid litigation if, in the Management Company’s sole discretion, it is in the best interests of the LLC. If the LLC is required to incur legal fees and costs to respond to the lawsuit, the costs and fees could have an adverse impact on the LLC’s profitability.

Risks of Government Action

While the Management Company will use its best efforts to comply with all laws, including federal, state and local laws and regulations, there is a possibility of governmental action to enforce any alleged violations of real estate laws or other which may result in legal fees and damage awards that would adversely affect the LLC.

Environmental Risks

The Fund’s property may be subject to potential environmental risks. Of particular concern may be those security properties which are, or have been, the site of manufacturing, industrial or disposal activity. These environmental risks may give rise to a diminution in value of the property or liability for clean-up costs or other remedial actions. This liability could exceed the value of the real property.

Under the laws of certain states, an owner's failure to perform remedial actions required under environmental laws may give rise to a lien on the property to ensure the reimbursement of remedial costs. In addition, because the costs of remedial action could be substantial, the value of a property could be adversely affected by the existence of an environmental condition giving rise to a lien.

SUMMARY OF OPERATING AGREEMENT

The following is a summary of the Operating Agreement and is qualified in its entirety by the terms of the Operating Agreement itself. In the event of any conflict, misunderstanding or ambivalence between, or resulting from, the summary below and the actual terms of the Operating Agreement, the latter shall govern. Potential investors are urged to carefully read the entire Operating Agreement, which is set forth as Exhibit A-2 to this Private Placement Memorandum.
Accounting and Reports

Annual reports concerning the LLC's business affairs, including the LLC's annual income tax return, will be provided to Members who request them in writing. Each Member will receive his, her, or its respective K-1 Form as required by applicable law. The Manager may, at its sole and absolute discretion, designate any Person to provide tax and accounting advice to the LLC, at any time and for any reason.

The Management Company presently intends to maintain the LLC's books and records on the accrual basis for bookkeeping and accounting purposes, and also intends to use the accrual basis method of reporting income and losses for federal income tax purposes. The Management Company reserves the right to change such methods of accounting upon written notice to Members. Any Member may inspect the books and records of the LLC at reasonable times.
Adjustment of Membership Interest Holdings

Allocations of profit, gain and loss in the Fund are made, as required by law, in proportion to the Members' respective capital accounts. Voting rights are based upon the number of Membership Interests each Member owns. Because some Members may choose to reinvest their share of profits, gains and losses, it is likely that the value of their capital accounts will increase relative to the capital accounts of Members who take quarterly cash distributions of their share of profits, gains and losses. The Management Company, at its discretion, may set the membership interest value for additional Membership Interests by adjusting the book value of the assets of the Fund to reflect the fair market value of those assets and determining the liabilities of the LLC.

Capital Distributions

The LLC may, in the sole and absolute discretion of the Manager, make distributions of capital to Members in proportion to their capital account balances as of the date the distribution is declared.

Compensation to Management Company and Affiliates

The LLC will compensate the Management Company as described in "Manager's Compensation" herein.

Management Company's Interest

The Management Company may withdraw from the management of the Fund at any time upon thirty
(30) days' written notice to all Members. A successor manager of the LLC may only be elected by the Members. In any such event, a majority of the Members, shall promptly elect a successor as Manager; provided, however if the then Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager without Member approval.

Cash Distributions

The LLC will make distributions of Preferred Returns and income as described in the "Terms of the Offering – Preferred Return; Cash Distributions; Election to Reinvest".
Profits and Losses

The LLC's profit or loss for any taxable year, including the taxable year in which the LLC is dissolved, will be allocated among the Members in proportion to their capital account balances that they held during the applicable tax reporting period.

Restrictions on Transfer

The Operating Agreement places substantial limitations upon transferability of Membership Interests. Any transferee must be a person that would have been qualified to purchase a Membership Interest in this offering. No Membership Interest may be transferred if, in the sole judgment of the Management Company, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the LLC as a limited liability company taxed as a partnership, or cause a termination of the LLC for federal income tax purposes.

A transferee may not become a substitute Member without the consent of the Management Company. Such consent may not be unreasonably withheld if the transferor and the transferee comply with all the provisions of the Operating Agreement and applicable law. A transferee who does not become a substitute Member has no right to vote in matters brought to a vote of the Members, or to receive any information regarding the LLC or to inspect the LLC's business and/or financial books, but is entitled only to the share of income or return of capital to which the transferor would be entitled.

Rights and Liabilities of Members

The rights, duties and powers of Members are governed by the Operating Agreement and applicable Texas corporate and business law, and the discussion herein of such rights, duties and powers is qualified in its entirety by reference to them.

Investors who become Members in the manner set forth herein will not be responsible for the obligations of the LLC. They may be liable to repay capital returned to them plus interest if necessary to discharge liabilities existing at the time of such return. Any cash distributed to Members may constitute, wholly or in part, return of capital.

Rights, Powers and Duties of Management Company

Subject to the right of the Members to vote on specific matters, the Management Company will have complete charge of the business of the LLC. The Manager is not required to devote itself full-time to LLC affairs but only such time as is required for the conduct of LLC business. The Management Company has the power and authority to act for and bind the LLC. The Management Company is granted the special power of attorney of each Member for the purpose of executing any document which the Members have agreed to execute and deliver.

LLC Brought to Close

The LLC will not cease to exist immediately upon the occurrence of an event of dissolution but will continue to exist until its affairs have been brought to a close. Upon dissolution of the LLC, the Management Company will bring to a close the LLC's affairs by liquidating the LLC's assets as promptly as is consistent with obtaining the fair market value thereof. All funds received by the LLC shall be applied to satisfy or provide for LLC debts and liabilities and the balance, if any, shall be distributed to Members on a pro-rata basis.

Withdrawal

Members who invest in the LLC may not withdraw their capital until they have been members of the LLC for at least Twenty-Four (24) months. Members who have been members of the LLC for a period longer than Twenty-Four (24) months may request withdrawal from the LLC in writing and give the LLC at least Ninety (90) days' notice prior to expecting to be withdrawn from the LLC. The withdrawal date shall be effective upon the date of receipt of the Member's withdrawal request. The LLC will use its best efforts to return capital subject to, among other things, the LLC's then cash flow, financial condition, and prospective transactions in assets. The LLC's investment strategy may take more than Three (3) years to produce returns. As a result, the LLC does not expect to earn income from those investments until after year Four (4) of the Offering. Members who wish to withdraw from the LLC beforehand may suffer a loss to their capital contribution based on the value of their Membership Interests upon withdrawal.

The Management Company is not under any circumstances obligated to liquidate any assets or Properties in any effort to accommodate or facilitate any Member(s)' request for withdrawal or redemption from the LLC. Each request for a return of capital will be limited to Twenty-Five (25%) of such Member's capital account balance such that it will take at least four quarters for a Member to withdraw his, her, or its total investment in the LLC; provided, however, that the maximum aggregate amount of capital that the LLC will return to the Members each fiscal year is limited to Ten Percent (10%) of the total outstanding capital of the LLC, or Five Hundred Thousand Dollars ($500,000), whichever is less. Withdrawal requests will be processed by the Fund on a first-come, first-served basis. Notwithstanding the foregoing, the Management Company may, in its sole and absolute discretion, waive such withdrawal requirements if a Member is experiencing undue hardship; acceptability of the Member's hardship will be determined by the Management Company in its sole and absolute discretion.

The Management Company may at any time suspend the withdrawal of funds from the LLC, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Management Company or the LLC, disposal of the assets of the LLC is not reasonably practicable without being detrimental to the interests of the LLC or its Members, determined in the sole and absolute discretion of the Management Company; (ii) it is not reasonably practicable to determine the net asset value of the LLC on an accurate and timely basis; or (iii) if the Management Company has determined to dissolve the LLC. Notice of any suspension will be given within Ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a withdrawal request and to whom full payment of the redemption proceeds has not yet been remitted. If a redemption request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the last day of the calendar month in which the suspension is lifted, on the basis of the net asset value of the LLC at that time and in the order determined by the Management Company in its sole and absolute discretion.

Members who wish to withdraw before they have been Members for Twenty-Four (24) months ("Early Withdrawal") can only withdraw after they have been members of the LLC for at least Twelve (12) months or if the Manager, at its sole and absolute discretion, permits Early Withdrawal. Generally, the Manager shall only permit Early Withdrawal for Members who have not been a Member for at least Twenty-Four (24) months if the Member produces evidence of hardship.

Notwithstanding the anything in the foregoing regarding withdrawals, the Management Company may, in its sole and absolute discretion, waive any withdrawal requirements or withdrawal prioritization at any time if a Member is experiencing undue hardship; acceptability of the Member's hardship will be determined by the Management Company in its sole and absolute discretion.

Redemption Policy and Other Events of Disassociation

The Management Company may, at its sole and absolute discretion, cause the LLC to repurchase Membership Interests from Members desiring to resign from membership or as a part of a plan to reduce the outstanding capital of the LLC. There is no guarantee that the LLC will have sufficient funds to cause the redemption of any Membership Interests. Therefore, any investment in the Fund should be considered illiquid. The Fund may also expel a Member for cause if the Member has materially breached or is unable to perform the Member's material obligations under the Operating Agreement. A Member's expulsion from the LLC will be effective upon the Member's receipt of written notice of the expulsion by the LLC.

Upon any expulsion, transfer of all of Membership Interests, withdrawal or resignation of any Member, an event of disassociation shall have occurred and (a) the Member's right to participate in the LLC's governance, receive information concerning the LLC's affairs. and inspect the LLC's books and records will terminate and (b) unless such disassociation resulted from the transfer of the Member's Membership Interests, the Member will be entitled to receive the distributions to which the Member would have been entitled as of the effective date of the dissociation had the dissociation not occurred. The Member will remain liable for any obligation to the LLC that existed prior to the effective date of the dissociation, including, without limitation, any costs or damages resulting from the Member's breach of the Operating Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the LLC unless the Management Company elects, at its sole and absolute discretion, to return capital to a Member.

The effect of redemption or disassociation on Members who do not sell or return their Membership Interests will be an increase in each Member's respective percentage interest in the LLC and therefore an increase in each Member's respective proportionate interest in the future earnings, losses and distributions of the Fund and an increase in the respective relative voting power of each remaining Member. Notwithstanding anything to the contrary herein, redemption shall be at the sole and absolute discretion of the Management Company and the Management Company shall not be compelled to redeem or repurchase Membership Interests at any time or for any reason.

The redemption of Membership Interests shall be subject to the Fund's availability of sufficient cash to pay the expenses of the LLC, maintain any reserve and pay the redemption or withdrawal amounts to other Members who requested withdrawal or redemption in the order of the request.

No redemption may be made that would render the LLC unable to pay its obligations as they become due. The Fund shall not be required to sell its assets to raise cash to effectuate any redemption.

A redeeming Member shall have the rights of a transferee until such time as the Fund has redeemed those Membership Interests, that is, the Member shall be entitled to receive distributions, but shall not be entitled to vote. Redeemed Membership Interests revert to authorized but unissued Interests and the former holder retains no interest of any kind in such Interests.

LEGAL MATTERS

The Fund has retained Geraci Legal Corporation of Irvine, California to advise it in connection with the preparation of this Offering, the Operating Agreement, the Subscription Agreement and any other documents related thereto. Geraci Law Firm has not been retained to represent the interests of any Investors or Members in connection with this Offering. Investors that are evaluating or purchasing Membership Interest should retain their own independent legal counsel to review this Offering, the Memorandum, the Operating Agreement, the Subscription Agreement and any other documents related to this Offering, and to advise them accordingly.

ADDITIONAL INFORMATION AND UNDERTAKINGS

The Fund and Manager undertake to make available to each Investor every opportunity to obtain any additional information from them necessary to verify the accuracy of the information contained in this Memorandum, to the extent that they possess such information or can acquire it without unreasonable effort or expense. This additional information includes all the organizational documents of the Fund, recent financial statements for the Fund and all other documents or instruments relating to the operation and business of the Fund that are material to this Offering and the transactions described in this Memorandum so long as such information does not violate another Member’s right to privacy or confidential information.