CL Fund 3, LLC
Private Placement Memorandum

Membership Units and Secured Notes
February 2024

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IMPORTANT CONSIDERATIONS

This Private Placement Memorandum (the "**PPM**") is being provided to qualified prospective investors (the "**Investor**" or "**Investors**") on a confidential basis solely in connection with the consideration of the purchase of membership units (the "**Membership Units**" or "**Units**") in and/or secured promissory notes (the "**Secured Notes**" or "**Notes**") issued by CL Fund 3, LLC, a Delaware limited liability company (the "**Fund**"), which is managed by Central Lending Fund Management, LLC, a Delaware limited liability company (the "**Manager**" or "**CLFM**"). *If you are not an "accredited investor" as defined by the Securities and Exchange Commission, please immediately return this PPM.*

In making an investment decision, prospective Investors must rely on their own examination of the Units and Notes and the terms of the Offering, including the merits and risks involved. The information contained in this PPM has been compiled from sources believed to be reliable by the Manager of the Fund.

The Units and Notes offered hereby are speculative and involve certain risks. See "Risk Factors." There is no public market for the Units and Notes, nor will one develop following this Offering. The fact that the price of the Units and Notes may fluctuate does not imply a public market of the Units and Notes. The Units and Notes are subject to transfer restrictions.

The information contained herein is deemed to be confidential by the Fund, has not been publicly released and is disclosed for the sole purpose of evaluating the Units and Notes offered to prospective Investors.

No Person has been authorized to give any information or to make any representations about the Fund that are not contained in this PPM. Any such information or representation that is so given or received must not be relied upon by any investor. The information contained in this PPM may not be provided to Persons who are not directly concerned with an Investor's decision regarding the Units or Notes. The Investor, by accepting delivery of this PPM, agrees to return it and all related documents to the Manager if the recipient does not subscribe for Units or Notes, and to destroy any electronic versions of these documents. All of the information in this PPM is nonpublic, confidential and proprietary in nature, and the disclosure of any information in this PPM could cause harm to the Manager, the Fund, and other parties.

The Units and Notes are suitable only for sophisticated Investors for whom an investment in the Fund does not constitute a complete investment program and who fully understand, are willing to assume, and have the financial resources necessary to withstand the risks involved in the investment program in which the Fund will engage. Accordingly, distribution of this PPM, and offers and sales of securities referred to herein, are limited to Persons who meet certain suitability requirements. Each Investor will be required to make certain representations to the Fund, including representations as to investment intent, degree of sophistication, having access to information concerning the Fund, and ability to bear the economic risk of the investment.

This PPM does not constitute an offer or a solicitation in any state or other jurisdictions in which, or to any Person to whom, such an offer or solicitation would be unlawful or is not authorized. This PPM may be relied upon only by the original Person to whom it is delivered, and no other use or distribution of this PPM or the information contained herein is authorized. This PPM may not be copied and must be returned to the Fund, and any electronic versions of the documents must be destroyed, if the Investor does not subscribe for any Units or Notes or if his, her or its subscription offer is rejected by the Fund.

The contents hereof are not to be construed as tax, legal, or investment advice. Each prospective Investor should consult his, her or its own counsel, accountant, business, or other advisors as to the tax, legal, economic, and other consequences of the purchase of the Units and Notes offered hereby.

This PPM may contain projections which are predictions of future events that may or may not occur. Although all such projections, if any, are based on assumptions that the Fund believes are reasonable there can be no assurance that they will in fact prove to be correct. Consequently, they must not be relied upon to indicate, or guarantee, any actual results that may be realized.

No Person is authorized by the Fund to give any information or make any representation other than those contained in this PPM in connection with the Offering made hereby, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund. Neither delivery of this PPM nor any sale made hereunder, under any circumstances, creates any implication that the information contained herein is correct as of any time subsequent to the date hereof.

The Fund has agreed to make available to each prospective Investor and to his, her or its representative(s), or both, the opportunity, prior to the consummation of a sale of Units and Notes to such prospective Investor, to ask questions of, and receive answers from, the principals of the Manager concerning the terms and conditions of this Offering and to obtain any additional information, to the extent they possess such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy and completeness of the information set forth herein. Inquiries should be directed to an investment representative at Central Lending Fund.

Investors will subscribe to purchase Units pursuant to a Membership Units Subscription Agreement and/or subscribe to purchase Notes pursuant to a Notes Subscription Agreement. The obligations of the Manager and the Members of the Fund are set forth in and will be governed by an Operating Agreement. The obligations of the Manager and each Note Holder of the Fund are set forth in and will be governed by a Note and an Intercreditor Agreement. All of the statements and information contained herein are qualified in their entirety by reference to these agreements, the forms of which are included in the Subscription Booklets.

This PPM may summarize some of the terms of the Subscription Booklets and other documents referred to herein and therein. However, the discussions set forth in this PPM do not purport to be complete. Copies of the Subscription Booklets have been and will be provided to prospective Investors and each prospective Investor and its advisors should read these materials, including any and all revisions thereto, prior to deciding to invest the Fund.

The Fund will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and the Manager does not anticipate registering as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**").

The delivery of this PPM does not imply that the information contained herein is correct as of any time subsequent to the date of its issue. Unless specified otherwise, all statements made herein are made as of February 1, 2024.

Certain statements contained in this PPM, including, without limitation, statements containing the words "believes," "anticipates," "plans," "intends," "expects," and words of similar import constitute "forward-looking statements." Forward-looking statements include those related to investment returns, investment parameters and objectives and spreading risk on investments. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given such uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The Fund and the Manager disclaim any obligation to update such factors or to announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

In considering the performance information contained herein, prospective Investors should bear in mind that there can be no assurance that the Fund will achieve projected results. Actual future conditions may require actions that differ from those contemplated at this time and prospective Investors are cautioned not to place undue reliance on these projections.

OFFERS ARE ONLY BEING MADE PURSUANT TO THIS PPM AND THE RELATED SUBSCRIPTION BOOKLETS. Neither the Securities and Exchange Commission, nor any other federal or state authority has examined or endorsed the merits of the offering or the adequacy of this PPM. Any representation to the contrary is a criminal offense.

THE UNITS AND NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF BY AN INVESTOR WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER AND COMPLIANCE WITH FEDERAL AND STATE SECURITIES LAWS AND THE OPERATING AGREEMENT.

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DEFINITION OF TERMS

The following capitalized terms as used in this PPM have the meanings given to them below. Other capitalized terms used in this PPM and not otherwise defined in this PPM have the meaning given to them in the other agreements referenced herein.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. "Control" for purposes of this definition means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, through voting securities, contract rights or otherwise.

"**Ancillary Fees**" means, for each Loan originated or acquired by the Fund, a total fee not to exceed $5,000 per transaction, for underwriting, document preparation, loan processing, and other closing items.

"**Assets under Management**" or "**AUM**" means the total value of Fund Assets under management, which includes, but is not necessarily limited to, the unpaid principal balance and all outstanding but unpaid interest due under all Loans held by the Fund, the fair market value of any real estate owned by the Fund, and any cash and other Assets held by the Fund, less any reasonable loss reserves maintained by the Manager to offset reasonably anticipated losses on Loans that are or are likely to become non-performing. AUM shall be reasonably determined by the Manager based on consistently applied methodology, which may be updated, modified, or improved in its sole discretion.

"**Capital Account**" means a Member's individual capital account in the Fund as calculated according to the terms of the Operating Agreement. A Member's Capital Account is generally equal to the Member's Capital Contribution to the Fund plus the Member's share of the income and gain of the Fund, less the amount of Capital Contribution returned to the Member and the Member's share of the losses and deductions of the Fund.

"**Capital Contributions**" means the capital contributed by the Members to the Fund in exchange for Membership Units.

"**Cash-Out Notice**" means, with respect to each Note, the written notice the Note Holder is required to provide the Manager at least 60 prior to either (i) the maturity date of the Note, if the Note Holder desires for the Note to be repaid by the Fund in full at the maturity date of the Note, or (ii) such date after the maturity date of the Note that the Note Holder desires for the Note to be repaid by the Fund in full.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Credit Facility**" or "**Facility**" means any loan or line of credit to the Fund, other than the Notes, including, but not limited to, warehouse lines, collateral pledge lines, or other short term cash management lines, individual loans or lines of credit from any lender, institutional or private, or any other borrowing by the Fund, any of which may be secured in first position by one or more of the Fund Assets, including all of the Fund Assets.

"**Distributable Cash**" means, at the time of determination by the Manager, Fund Income less Fund Expenses, interest and principal payments due under the Notes, amounts paid in respect of Redemptions or Early Repayments, and such amounts as the Manager deems

reasonable in order to provide for any anticipated, contingent, or unforeseen expenditures or liabilities of the Fund. Distributable Cash shall be determined without regard to (i) Capital Contributions made by Members or (ii) principal advanced under any Notes or Credit Facilities.

"**Distributions**" means amounts which from time to time are distributed to the Members on the terms and conditions set forth in the Operating Agreement.

"**Early Repayment**" means the Fund's repayment of a Note prior to the Note's term. There are significant restrictions on Early Repayment as more fully described in this PPM and the Note.

"**Early Repayment Fee**" means, for any Early Repayment of a Note, a fee payable by the Note Holder to the Fund in an amount equal to the amount of interest paid under the original Note Rate and the amount of interest that would have been paid had the Note Rate been set based on the shorter Note term, as determined by the Manager in its sole discretion, plus 5% of the original principal amount of the Note. The Manager, in its sole discretion, shall be entitled to charge a higher or lower Early Repayment Fee based on any circumstances the Manager deems relevant. All Early Repayment Fees charged and collected will be considered Fund Income.

"**Early Repayment Request**" means a Note Holder's request to receive Early Repayment of the Note Holder's Note. There are significant restrictions on a Note Holder's right to make an Early Repayment Request and the Manager's obligation to honor and process the Early Repayment Request as more fully described in this PPM and the Note.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Fund Assets**" or "**Assets**" means any and all assets of the Fund, including real property, contracts, receivables, cash, and loans secured by interests in real estate.

"**Fund Expenses**" means any fees, costs, or other expenses incurred by or on behalf of the Fund in connection with its operations, including, without limitation, any of the following: the Management Fee; Servicing Fees; Ancillary Fees; the portion of any Loan Origination Fees payable to the Operating Company as described in this PPM; Fund formation and organizational costs; tax, financial statements, and audit preparation costs; third-party Fund administration costs; market-rate brokerage fees and service fees; fees and interest payments due under any Credit Facilities; capital acquisition fees and costs (including payments to duly-licensed third parties that are contracted to raise capital for the Fund); the portion of any premiums from Loans sold by the Fund payable to the Operating Company as described in this PPM; taxes; insurance; travel cost; litigation and other extraordinary expenses; the costs and expenses of any Member meetings; fees or expenses associated with foreclosure actions; and any other expenses associated with the operation of the Fund and the management of the Fund Assets, including, without limitation, all allowable expenses reasonably incurred by the Manager and reimbursed by the Fund.

"**Fund Income**" means any income received by the Fund as a result of its operations, including, without limitation, any of the following: payments of principal and interest made by borrowers of Loans; prepayment or exit fees paid by borrowers of Loans; extension, modification, and late payment fees made by borrowers of Loans; rent or other income collected on real estate Assets owned by the Fund; Redemption Fees; Early Repayment Fees; the portion of any Loan Origination Fees payable to the Fund as described in this PPM; the portion of any premiums from Loans sold by the Fund payable to the Fund as described in this PPM; the portion of any rate spread on Loans held by the Fund or sold by

the Fund servicing-retained payable to the Fund as described in this PPM; any interest collected on deposited monies held by the Fund; and the net sale proceeds in excess of basis (including any yield spread premiums on the sale of loans) on the disposition of any Assets owned by the Fund.

"**GAAP**" means United States Generally Accepted Accounting Principles, as in effect from time to time.

"**Intercreditor Agreement**" means the Intercreditor Security Agreement signed by each Note Holder, the Manager on behalf of the Fund, and the Manager as the Note Holder Representative.

"**IRS**" means the United States Internal Revenue Service.

"**Loan Origination Fee**" means any fees charged by the Fund to borrowers of Loans in connection with the Fund's origination of the Loans, net of any brokerage fees and other transaction expenses.

"**Lockup Period**" means, with respect to any Units, the 12 month period following the date such Units were issued by the Fund to a Member during which the Member may not make a Redemption Request except as otherwise set forth in this PPM and the Operating Agreement.

"**Majority**" means the Members holding, in the aggregate, an Ownership Interest in excess of fifty percent (50%).

"**Management Fee**" means a fee payable by the Fund to the Manager, equal to one 1% per annum of the AUM. The Management Fee will be calculated, prorated, and paid at the end of each calendar month, prior to making any Distributions to Members.

"**Member**" means any purchaser of Units pursuant to this Offering that is admitted as a member of the Fund pursuant to the Operating Agreement, or an permitted transferee of any such Units that is admitted as a member of the Fund pursuant to the Operating Agreement.

"**Membership Units Subscription Agreement**" means the form of subscription agreement by which an Investor subscribes to purchase and acquire Membership Units in the Fund.

"**Note Holder**" means any purchaser of a Note pursuant to this Offering or any permitted transferee of the Note.

"**Note Rate**" means the rate at which principal accrues interest under a Note.

"**Notes Subscription Agreement**" means the form of subscription agreement by which an Investor subscribes to purchase and acquire a Secured Note in the Fund.

"**Offering**" means the issuance of Units or Notes in the Fund pursuant to the terms of this PPM and the Subscription Booklets.

"**Operating Account**" means the Fund's bank account designated to hold and utilize invested capital for the Fund's operations.

"**Operating Company**" means Central Lending, LLC, a Florida limited liability company and an Affiliate of CLFM.

"**Operating Agreement**" means the Amended and Restated Limited Liability Company Agreement of the Fund, dated as of February 1, 2024, and as amended or restated from time to time thereafter, to be executed by the Manager and each Member of the Fund.

"**Other Fund**" means any other investment fund or other investment vehicle managed or controlled by the Manager or any Affiliate of the Manager, or in which the Manager or any Affiliate of the Manager has an interest, whether now existing or formed in the future.

"**Ownership Interest**" means, for each Member, that percentage which is obtained by dividing the Membership Units held by a Member by the total of all Membership Units held by all the Members.

"**Pari Passu**" means proportionally, at an equal pace with, and without preference over other Investors of the same status.

"**Person**" means an individual, a partnership (general, limited or limited liability), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental, quasi-governmental, judicial or regulatory entity or any department, agency or political subdivision thereof.

"**Preferred Return**" means, with respect to each Member, a rate equal to 9% per annum of the Member's unreturned Capital Contribution. The Preferred Return is cumulative; meaning that any unpaid Preferred Return shall carry-forward on a non-compounded basis until paid in full.

"**Redemption**" means the Fund's paying of cash to a Member at the then-prevailing Unit Price in exchange for the Member's Units. There are significant restrictions on Redemption as more fully described in this PPM and the Operating Agreement.

"**Redemption Fee**" means, for any Redemption of a Member's Units, a fee payable by the Member to the Fund in an amount equal to 5% of the then-prevailing Unit Price that will be charged by the Fund for any Units redeemed by the Fund within the Lockup Period. The Manager, in its sole discretion, shall be entitled to charge a higher or lower Redemption Fee based on any circumstances the Manager deems relevant. All Redemption Fees charged and collected will be considered Fund Income.

"**Redemption Request**" means a Member's request to receive Redemption of the Member's Units. There are significant restrictions on a Member's right to make a Redemption Request and the Manager's obligation to honor and process the Redemption Request as more fully described in this PPM and the Operating Agreement.

"**Reinvest**", "**Reinvestment**" or "**Reinvestment Option**" each mean an Investor's option to reinvest in the Fund amounts that would otherwise be distributed or paid to the Investor by the Fund. Investors shall make a Reinvestment Option at the time of subscription and may change this election with 90 days' notice to the Manager not more frequently than twice per year. The Manager may suspend or terminate the Reinvestment Option at any time in its sole discretion.

"**SEC**" means the United States Securities and Exchange Commission.

"**Servicing Fee**" means, for each Loan held by the Fund or sold by the Fund servicing-retained, a fee equal to 1% of the unpaid principal balance earning interest at the end of the reporting period. Servicing Fees will be calculated and paid at the end of each reporting period, prior to making any Distributions to Members.

"**Stated Value**" means the stated value of the Fund's Assets determined as follows: (1) the value of all performing loans will be an amount equal to the total of the unpaid principal balance of the loan and any accrued and unpaid interest; and (2) the value of all non-performing loans and any real estate owned as the result of foreclosure or other non-loan assets will be determined by the Manager in its discretion, using an established methodology for determining the Stated Value of such Assets. The Manager may modify the Stated Value methodology for Assets other than performing loans from time to time in its sole discretion.

"**Subscription Account**" means the Fund's bank account designated to receive Investors' investment funds prior to accepting their Subscription Booklets.

"**Subscription Agreements**" means the Membership Units Subscription Agreement and the Notes Subscription Agreement.

"**Subscription Booklets**" means that package of documents provided to Investors for the purposes of evaluating the Offering and subscribing to purchase Units or Notes in the Fund. The Member Subscription Booklet will include this PPM, the Operating Agreement, the Membership Units Subscription Agreement, and the Accredited Investor and U.S. Person Verification. The Note Holder Subscription Booklet will include this PPM, the Intercreditor Agreement, a sample Note, the Notes Subscription Agreement, and the Accredited Investor Verification.

"**Unit Price**" means initially $1,000, but will fluctuate on a quarterly basis, starting with the first (full) quarter after the Fund acquires its first Fund Asset, based on the collective Stated Value of the Fund Assets. At the end of each calendar quarter, the price of a Unit will be calculated by dividing the amount by which the Stated Value of all Fund Assets changed during the prior quarter by the total number of outstanding Units and adding or subtracting the amount to the prior quarter's Unit Price.

STRUCTURE OF FUND

The Manager has endeavored to create this Fund in a way that balances the Manager's need for flexibility, autonomy, and control with respect to Fund policies and investment decisions with the Investor's natural desire for safety, oversight, and transparency. The Manager has considered the Fund's fee structure, administrative procedures, and third-party service providers, including administrative services, and has attempted to create alignment of interests between the Manager and the Investors.

The Fund is designed to provide its investors with an opportunity to participate indirectly in the Fund's lending activities on multiple properties, thereby diversifying their investment across multiple real estate assets.

The Fund is organized as a Delaware limited liability company. The Fund is making an offering that is exempt from registration under Regulation D of the Securities Act. The Fund is open to both United States and foreign investors. U.S. Investors may invest in Membership Units or Notes and foreign investors may invest in Notes.

The Fund is managed by Central Lending Fund Management, LLC, a Delaware limited liability company. For more information regarding the Fund's management, structure, and terms, see the sections of this PPM titled "Management" and "Summary of the Offering."

Investment Options

Investors have two investment options:

1) Membership Units; and/or

2) Secured Notes.

Investors purchasing Membership Units will become Members of the Fund. Investors lending money to the Fund will be issued Notes and become Note Holders. See the FAQ section as well as the remainder of this PPM for more details on the two investment options and the differences between them. By executing a Subscription Agreement, an Investor unconditionally and irrevocably agrees to purchase Units or Notes as applicable in the amounts shown thereon and makes a commitment to contribute capital to the Fund in accordance with the terms set forth in the Subscription Agreement.

The Fund seeks to raise up to $100,000,000 in total capital (Member and Note Holder capital combined) over the lifetime of the Fund, which amount may be increased in the sole discretion of the Manager. The Manager may or may not raise the full amount during the lifetime of the Fund. The minimum investment is $50,000 per unique Investor, which amount may be adjusted in the sole discretion of the Manager.

Investor Suitability Standards

This is a private Offering which is being made only by delivery of a copy of this PPM and the Subscription Booklet. Each Investor in the Fund must be an "accredited investor" as such term is defined in Regulation D promulgated by the SEC under the Act. In addition, each Investor will be required to represent and warrant to the Fund and Manager that it meets the "accredited investor" and other requirements as detailed in the Subscription Booklet(s) attached hereto. Investors will also be required to verify that they are accredited investors as required by Rule 506(c) of Regulation D of the Securities Act.

Some of the ways Investors can qualify as accredited investors are:

- For natural person Investors, having a net worth of at least $1,000,000, excluding the positive value of a primary residence; or
- For natural person Investors, having an adjusted gross income of at least $200,000 for each of the last 2 years (or $300,000 with a spouse) and reasonably expecting to attain those amounts this year; or
- For certain entity Investors, having assets of at least $5,000,000, or
- For entity Investors, having all of the owners of the entity otherwise be "accredited investors".

Furthermore, the Offering and sales of the Units and Notes offered hereby will be made only to Persons that meet or exceed certain additional suitability standards established by the Fund for the Offering. Only Persons that are considered citizens of the United States for tax purposes may purchase Units, whereas the purchase of Notes is open to both U.S. and foreign Investors.

Subscription Agreements from prospective Investors will be accepted or rejected by the Fund in the sole discretion of the Manager after completion of the Fund's subscription process and receipt of all subscription documents properly completed and executed. The Manager reserves the right to reject any Subscription Agreement for any reason, in its sole discretion. If accepted, an Investor will become a Member or Note Holder without any further action by any Person. If the Manager rejects the subscription of any subscriber, the Subscription Agreement and subscription funds will be returned promptly to that Investor.

Capital Raising

The Offering of Units and Notes will be done primarily by the Manager, its Affiliates, and their principals. The Manager may engage duly licensed placement agents, broker/dealers, third-party marketers, and similar entities, including Affiliates of the Manager, to raise capital for the Fund. The cost of these services will be a Fund Expense.

INVESTMENT OBJECTIVES, STRATEGY, AND UNDERWRITING GUIDELINES

Principal Investment Objectives

The Fund's objectives are to deploy the proceeds of this Offering in qualified Fund Assets (described below) that will be intended to:

- Preserve and protect each Member's and Note Holder's invested capital;
- Provide the Note Holders with annualized returns that will vary from time to time, depending on the amount and duration of the Notes.
- Provide the Members with a Preferred Return of 9% per annum on their invested capital; and
- Ultimately provide Members and Note Holders with a full return of their capital contributions.

No assurance can be given that any of these objectives will be attained or that an Investor's investment capital will not decrease. Predictions of annualized returns is highly speculative.

Strategy to Achieve Investment Objectives

The Manager intends to generate returns for its investors by originating debt investments secured by real property (the "**Loans**" or "**Mortgage Loans**") to real estate borrowers who need bridge financing to develop, renovate, or stabilize single and multi-family residential real estate projects, typically ranging from one to 10 units. The Fund may also purchase loans including non-performing Loans secured by real property that the Manager determines would likely benefit the Fund and its investors. The Manager intends for the Fund to offer loans nationwide, but with a focus on the southeastern and midwestern United States.

Loans will be evidenced by secured promissory notes and are expected typically to have maturities of 6 to 24 months. The Manager intends for the Fund to issue notes at rates between 7% to 15% (with discretion to lend outside this range as the Manager, in its sole discretion, deems appropriate), typically secured by first-position security interests in the underlying real estate asset. The Fund will also have the discretion to make loans with subordinated security interests, if the Manager determines that doing so is in the best interests of the Fund and its investors.

The Fund's strategy is to create a large portfolio of mortgage loans that have principal balances in the general range of $50,000 to $2,000,000, with an average deal size of approximately $200,000 (with discretion to lend outside these ranges). Loans will be originated by the Manager and closed by the Fund, or the Manager may close loans and then sell them to the Fund for the lesser of fair market value or at par.

The Manager will typically structure bridge loans based on "Loan to Current Cost," "Loan to Cost," "Loan to Value," or "Loan to After Repair Value." Each of these four leverage ratios will be increased or decreased based on several factors including but not limited to:

- Highest Guarantor FICO
- Guarantors' Collective Experience
- Transaction Type
- Rurality of Property
- Complexity of Project
- Collateral Type/Competition
- Secondary Market Guidelines

The Manager may, in its sole discretion, issue loans based on specific underwriting facts of the transaction that may not be included in this list. The notes, as well as any collateral owned by the Fund as the result of foreclosure or otherwise, will be considered Fund Assets.

The Manager intends to sell many of the Loans it originates on the secondary market when it determines that doing so would benefit the Fund and its Members. For Loans the Fund sells any premium earned on such a sale (net of brokerage fees and other transaction expenses) will be split 50% to the Operating Company and 50% to the Fund.

For Loans sold by the Fund servicing-retained, the Manager intends for the Fund to sell such Loans at rates lower than what the Fund collects from borrowers, therefore allowing the Operating Company and the Fund to benefit from the spread between the two rates. After paying brokerage fees and other transaction expenses, the first 1% of such a spread will be paid to the Operating Company as a Servicing Fee, and any spread amount above 1% will be paid to the Fund as Fund Income. The Manager anticipates the retained servicing yield from sold loans will enable the Fund to generate investor returns that may exceed the note rate of the average deal and create competitive risk adjusted returns.

The Manager will typically engage third-party loan servicing companies to perform basic loan servicing functions (with the Operating Company providing sub-servicing). In the event a loan is sold, fees for any third-party loan servicing would come out of the retained servicing yield. The Manager believes that the retained yield will usually exceed the cost of the third-party loan servicer sufficiently to generate returns to the Fund and its investors.

Use of Indebtedness

In addition to the Notes, the Fund may utilize one or more Credit Facilities secured by Fund Assets to finance the Fund's origination activities and Fund Expenses. Credit Facilities may take the form of promissory notes secured by the Fund's Assets and sold to private investors, including foreign investors, and may be structured as registered notes intended to comply with the portfolio interest exemption. The Manager retains discretion to maintain whatever ratio of indebtedness (which includes both Credit Facilities and Notes) to Investor equity the Manager determines to be in the best interests of the Fund.

While the Fund's use of leverage may increase the returns generated by the Fund's operations, it also increases the risks associated with an investment in the Fund. Investors should consult with their legal and financial advisors about these risks before making any investment in the Fund.

MANAGEMENT

The Manager of the Fund is Central Lending Fund Management, LLC, a Delaware limited liability company. CLFM also represents the Note Holders as the Note Holder Representative. CLFM is owned by Central Lending, LLC, a Florida limited liability company controlled by Andrew Boccia, who also serves as the Chief Executive Officer and manager of CLFM.

The Manager has extensive experience sourcing, underwriting, serving, and disposing of loans on residential properties. The Manager believes its expertise and connections in the real estate industry and secondary loan market will enable it to make quality lending decisions and drive yields through the sale of loans in the secondary market.

Management Team

Andrew Boccia – Chief Executive Officer

Andrew Boccia is a former professional poker player-turned-real estate investor whose deep background in real estate development and game theory has laid the foundation for the Fund's asset models and overall methodology.

Mr. Boccia gained real estate development experience as a young boy by working on both family-owned real estate investments and Habitat for Humanity projects in the suburbs of Detroit, Michigan. As an adult, Mr. Boccia has held Real Estate investments in Michigan, Georgia, Tennessee, and currently, Florida. Mr. Boccia has an active Real Estate License in the State of Florida and works on a daily basis for the benefit of the Funds investors.

Karen Samas – Chief Operating Officer

Karen joined the Central Lending team in 2021 as the Executive Assistant and in 2023 was promoted to Chief Operating Officer. With a background in administration, Karen brings to Central Lending over a decade of experience in C-Suite support, business development, marketing, and customer service.

Prior to joining Central Lending Karen worked in commercial real estate managing many aspects of a successful brokerage and economic development firm. She attended the University of Ohio majoring in Business Administration.

In her free time Karen enjoys spending time with her dog, traveling, and is an avid Pilates enthusiast.

Heather Dreves – Chief Investment Officer

As the Chief Investment Officer at Central Lending, Heather leads the strategic direction and execution of the company's alternative real estate investment portfolio, which offers clients access to high-performing and diversified asset classes in the property market. Heather has over 18 years of experience in the private money lending industry, with a proven track record of raising and managing over $300 million in funds, delivering consistent returns to investors, and driving wealth creation and innovation in the alternative investment sector.

Before joining Central Lending in December 2023, Heather served as a Director of Investor Relations and Fund Manager, where she was instrumental in developing and maintaining relationships with investors, guiding them through the private money lending process, and leading key areas of growth, even during challenging economic times. She also held a seat as a Fund Manager and contributed to the company's exponential growth and record performance. She has a strong background in fund management, investments, asset management, and investor relations, as well as analytical and creative skills that enable her to identify and capitalize on opportunities in the market.

Heather's expertise spans fund management, investments, asset management, and investor relations. Possessing analytical and creative skills, she excels in identifying and capitalizing on market opportunities. She is deeply passionate about assisting clients in reaching their financial objectives and generating passive cash flow through investments in secure, stable, and profitable alternative asset classes

Heather is passionate about helping clients achieve their financial goals and create passive cash flow by investing in alternative asset classes that offer security, stability, and profitability. She is also an avid outdoor person, a CrossFit athlete, a college soccer player, and a mother of two sons. She values excellence, integrity, teamwork, and innovation in her work and her life.

Tom Pollock – Chief Lending Officer

Tom Pollock is the Chief Lending Officer, and his primary function is oversight and management of 15-20 Account Executives or originators including two team leaders. He and the CEO review, structure, and underwrite every loan request as it comes in and render loan decisions according to policy and risk. In addition to these duties, he trains new origination staff and creates the coursework and testing for the onboarding class. Tom assists in other areas of the business such as servicing, marketing, and collections when time permits or when he is needed. Tom spent fourteen years in commercial banking serving in various capacities including analyst, business banker, commercial lender, and market president. He has extensive experience in originations, underwriting, workouts, collections, and management and has had approval authority up to $1,000,000. Additionally, Tom spent two years as an executive in the manufacturing field in addition to several other successful entrepreneurial ventures. Tom attended The University of Florida where he majored in Business Administration, and he later attended the Florida School of Banking at UF as well. He has gone through two formal credit schools with major banks and spent four years early in his career mentoring directly under a tenured and successful Community Bank CEO and CLO. He holds a real estate license in the State of Florida. He is a top-rated US Masters swimmer finishing 2nd in the nation in 2023 and enjoys boxing and boating in his free time.

Compensation Payable to the Manager or Affiliates

The Manager and its Affiliates will be entitled to substantial compensation with respect to the operations of the Fund, summarized as follows:

Management Fee

Commencing on the Initial Closing and continuing until all Assets have been disposed, the Fund will pay the Manager a Management Fee equal to 1% per annum of all AUM. The Management Fee will be calculated, prorated, and paid at the end of each calendar month, prior to making any Distributions to Members. The Management Fee is a Fund Expense.

Servicing Fees

The Manager expects the Fund to engage the Operating Company, which is an Affiliate of the Manager, to provide servicing and subservicing with respect to Loans held by the Fund. For each Loan held by the Fund or sold by the Fund servicing-retained, the Fund will pay the Operating Company a Servicing Fee equal to 1% of the unpaid principal balance earning interest at the end of the reporting period.

Brokerage Fees

The Fund may engage the Manager, its Affiliate, or Andrew Boccia to provide brokerage services to the Fund and, in consideration for such services, the Fund shall pay such Person market-rate brokerage fees.

Ancillary Fees

For each Loan originated or acquired by the Fund, the Operating Company may charge the Fund Ancillary Fees, not to exceed $5,000 per transaction.

Loan Origination Fees

The Manager expects that the Fund will charge each borrower of a Loan originated by the Fund a Loan Origination Fee typically in the range of 2-4% of the total principal loan amount; provided, that the Manager retains the discretion to cause the Fund to charge a Loan Origination Fee outside of this range as the Manager determines is consistent with the market rate, similar to what would be paid in an arm's length transaction. All Loan Origination Fees will be split and paid 50% to the Fund and 50% to the Operating Company.

Premiums on Sold Loans

The Manager intends to sell many of the Loans it originates on the secondary market when it determines that doing so would benefit the Fund and its Members. For Loans the Fund sells, any premium earned on such a sale (net of brokerage fees and other transaction expenses) will be split and paid 50% to the Operating Company and 50% to the Fund.

Promote

From any Distributable Cash that would otherwise be distributable to the Members after payment of the Preferred Return, 25% will be distributed to the Manager as a carried interest or promote.

Other Compensation

The Operating Company may charge other market-rate fees to borrowers and may share portions of those fees with the owners of the Loans as it determines appropriate in its discretion.

If the Manager determines doing so is in the best interests of the Fund, the Manager may cause the Fund to engage the Manager or any of its Affiliates to provide services to or on behalf of the Fund and, in consideration of such services, may cause the Fund to pay the Manager or such Affiliate market-rate compensation commensurate with an arm's-length transaction.

Co-Investments

The Manager may elect to make co-investments alongside Members as direct investments into the Fund and, in such event, shall be entitled to any compensation, distribution, or other economic rights arising from such co-investments.

Third Party Fund Administration

The Manager intends for the Fund to retain the services of Verivest LLC as Fund administrator to provide professional third-party fund administration services to the Fund, the cost of which shall be a Fund Expense.

Investors Have Limited Rights to Participate in Management

Members in the Fund will have limited to no opportunity to provide input concerning or otherwise participate in the management or operations of the Fund. The Manager will be fully empowered to make

all decisions concerning the Fund, including all decisions relating to loan origination, investments in Assets, financing or disposition of Assets, and all similar decisions, each of which will have a material impact on the financial performance of the Fund and on each Member's investment in the Fund.

The Members will only be able to remove or replace the Manager for cause and with the approval of Members holding at least two-thirds of the Ownership Interests in the Fund. Upon removal of the Manager, the Members may elect a new manager or dissolve the Fund by Majority vote.

Note Holders will have no control rights over Fund management decisions, nor will Note Holders have any right to remove the Manager.

The Manager as the Note Holder Representative

Pursuant to the Intercreditor Agreement (the form of which is included in the Notes Subscription Booklet), each Note Holder appoints the Manager as the initial Note Holder Representative, and any successor Representative as determined by the Manager, as the Note Holder's true and lawful representative and attorney-in-fact in the Note Holder's name, place, and stead to make, execute, sign, acknowledge, file, and record all instruments, agreements, or documents as may be necessary or advisable to reflect the exercise by the Note Holder Representative of any of the powers granted to it under the Intercreditor Agreement. The Note Holder Representative shall have the authority to sign all documents and take any action necessary to protect each Note Holder's rights in the security interest in the Fund Assets granted to the Note Holder as collateral for the Fund's obligations under the Note.

The Note Holders will have very limited rights under the Intercreditor Agreement to direct the Note Representative to take any particular action on their behalf in the event of a default of the Fund's obligations under the Notes. As a result of this relationship, there may be conflicts of interest as between the Fund or the Note Holders on one hand, and CLFM as the Manager and the Note Holder Representative on the other hand.

SUMMARY OF THE OFFERING

The following summary is qualified, in its entirety, by information appearing elsewhere in this PPM and the Subscription Booklets (collectively, the "**Documents**"). You should read the Documents in their entirety and focus on the risks described in the section of this PPM titled "Risk Factors." In the event of a conflict between this summary and any of the Documents, the provisions of the Documents will control.

Fund:	CL Fund 3, LLC, a Delaware limited liability company.
Manager:	Central Lending Fund Management, LLC, a Delaware limited liability company, serves as the Manager of the Fund. CLFM also represents the Note Holders as the Note Holder Representative. CLFM is owned by Central Lending, LLC, a Florida limited liability company controlled by Andrew Boccia, who also serves as the Chief Executive Officer and manager of CLFM. The Members will only be able to remove or replace the Manager for cause and with the approval of Members holding at least two-thirds of the Ownership Interests in the Fund. Upon removal of the Manager, the Members may elect a new manager or dissolve the Fund by Majority vote. Note Holders will have no control rights over Fund management decisions, nor will Note Holders have any right to remove the Manager.
Investor Options:	Investors will have two investment options: 1) Membership Units; and/or 2) Secured Notes.
Maximum Offering Amount:	The Fund is offering up to $100 million (the "**Maximum Offering**") in debt and equity investments in the Fund pursuant to this PPM and the other Documents. The Maximum Offering may be increased in the Manager's sole discretion. The Offering may be terminated at any time in the Manager's sole discretion. The Manager may accept or reject a potential investment from any Investor in its sole discretion. Once accepted by the Manager, an Investor's election to invest becomes binding and irrevocable.
Minimum Investment:	The minimum investment for both Note Holders and Members is $50,000, but the Manager may, in its sole discretion, waive the minimum investment requirement for any Investor.
Initial Closing:	The target date for the Fund to accept its first subscriptions for Units and/or Notes and make its first investment in Fund Assets (the "**Initial Closing**") is sometime in the first quarter of 2024. The Fund shall conduct the Initial Closing by no later than July 1, 2024.

Term:	The Fund is an open-ended "evergreen" fund with no set end date. The Manager expects to originate and acquire Fund Assets on a frequent and ongoing basis so long as the Manager believes, based on market conditions and other factors, that doing so is in the best interests of Fund. If the Maximum Offering is reached before the Fund is wound down, the Manager may either raise the amount of the Maximum Offering or use the income generated by the Fund, including through the disposition of existing Assets, to purchase additional Assets.
Eligible Investors:	Membership Units and Notes will be offered and sold solely to "accredited investors," as that term is defined by Rule 501 of the Securities Act, and who satisfy any other eligibility requirements that are set from time to time by the Manager. Investors will also be required to verify that they are accredited investors as required by Rule 506(c) of Regulation D of the Securities Act. Membership Units will be offered and sold only to Persons that are considered "U.S. persons" for federal tax purposes, whereas both U.S. Persons and non-U.S. persons may invest in Notes.
Subscription Process:	Investors may subscribe to invest in Units or Notes at any time during the Offering. *Units* An Investor that wishes to purchase Units must complete a Unit Subscription Agreement and the other documents included in the Member Subscription Booklet, either online or in hard copy, and deliver the full amount of the Investor's investment to the Manager. Upon receipt of executed documents and payment, the Fund will deposit the Investor's funds into the Fund's Subscription Account. An investment in Units generally becomes effective and an Investor is admitted to the Fund as a Member on the first day of the calendar quarter after the Fund receives the Investor's funds, accepts the Investor's Member Subscription Booklet, and transfers the Investor's funds to the Fund's Operating Account in order to deploy those Funds in connection with the acquisition of Assets or other aspects of the Fund's operations. The Manager may, in its sole discretion, grant an Investor a grace period of 15 days following the first of a calendar quarter for an Investor to submit the Investor's Member Subscription Booklet and investment funds, and still be issued Units as of the first day of that calendar quarter. The Fund may utilize an Investor's deposited funds for its operations before the Investor's equity investment is fully completed (including, for example, between the date the Fund receives an Investor's funds and the first day of the next calendar quarter when an Investor is admitted as a Member) by transferring all or a portion of such funds from the Fund's Subscription Account to the Fund's Operating Account. Any amounts transferred in this manner are treated as a temporary loan to the Fund until the Unit purchase is completed, and the Investor is admitted as a Member after the Investor's Member

Subscription Booklet has been accepted. An Investor whose deposited funds are utilized as a temporary loan pending the transfer of such funds from the Fund's Subscription Account to the Fund's Operating Account will receive interest on its deposited funds at an annualized rate determined by the Manager. The Manager shall select an interest rate for temporary notes at the beginning of each quarter based on what is commercially reasonable at that time. The initial interest rate the Manager intends to pay is 7% per annum.

During the first quarter of the Fund's operations, the Unit Price will be fixed at $1,000/Unit. In each subsequent quarter, the Manager will determine a Unit Price as of the last day of each calendar quarter by dividing the amount by which the Stated Value of all Fund Assets changed during the prior quarter by the total number of outstanding Units and adding or subtracting that amount to the prior quarter's Unit Price. The Manager also retains broad discretion to consider other factors in determining the Unit Price but will strive always to set a Unit Price that is as fair as possible to all Members of the Fund. The Manager may modify the Stated Value methodology for Assets other than performing loans from time to time in its sole discretion.

Notes

An Investor that wishes to purchase a Note must complete a Notes Subscription Agreement and the other documents included in the Note Holder Subscription Booklet, either online or in hard copy, and deliver the purchase price of the Note to the Manager. Upon completion of the subscription process and receipt of the Investor's payment, the Fund will deposit the Note purchase price into the Fund's Subscription Account and hold it there until the Fund is ready to deploy the proceeds of the Note.

The purchase of a Note only becomes effective as of the date upon which the Fund accepts the Investor's Note Holder Subscription Booklet and transfers the Investor's funds into the Fund's Operating Account. Investor funds deposited with the Fund earn no interest while held in the Fund's Subscription Account. Once the funds are transferred to the Fund's Operating Account, the Fund will provide the Investor a Note incorporating the applicable Note Rate from the then-current Note Schedule.

Reinvestment Options:

Investors may elect in their Subscription Booklets to reinvest their returns in the Fund. Investors may change their election with 90 days' notice to the Manager not more frequently than twice per year. The Manager may suspend or terminate the Reinvestment Option at any time in its sole discretion.

Members

Members may elect pursuant to the Reinvestment Option to have the amounts that would otherwise be distributed to them by the Fund used to automatically purchase additional Units at the then-prevailing Unit Price. Any Units purchased by Members via the Reinvestment Option shall be considered, for purposes of any Redemption Requests, to "tag-

along" with the original date of purchase of Units for which such reinvestment Units are associated

Note Holders

Note Holders may elect pursuant to the Reinvestment Option to have the monthly interest payments that would otherwise be paid to them by the Fund used to automatically add to the outstanding principal amount of their Notes.

Waterfall

The following outlines the priority of use for Fund Income:

1. Fund Expenses
2. Interest and principal payments due under the Notes
3. Redemptions and Early Repayments
4. Distributions to the Members and the Manager as follows:
   (a) To the Members on a pro rata basis according to their respective unpaid Preferred Return until the Preferred Return is paid in full; and
   (b) 75% to the Members on a pro rata basis according to their respective Ownership Interests and 25% to the Manager.

Distributions to Members:

Subject to performance of the Fund and in the Manager's sole discretion, any Distributable Cash will be distributed first to the Members according to their respective unpaid Preferred Return and second 75% to the Members according to their Ownership Interests and 25% to the Manager. The Fund's Operating Agreement gives the Manager discretion to determine the timing and other aspects of making Distributions to the Members, including returning Members' Capital Contributions. The Manager intends for the Fund to make quarterly Distributions of Distributable Cash to the Members, but the timing, frequency, and amount of any Distributions cannot be guaranteed.

The Fund is not obligated to make Distributions to cover the Members' share of taxable income allocated to them by the Fund. The Members may recognize taxable income without receiving a Distribution from the Fund.

Upon dissolution of the Fund, any remaining proceeds of the Fund after paying creditors and satisfying all other liabilities will be distributed to the Members pro rata according to their positive Capital Account balances.

Note Schedule:

The Fund issues Notes to Note Holders at Note Rates that vary from time to time, according to a Note Schedule based on investment amount and duration of the Notes. The Manager may elect to have multiple interest rate tiers based on the amount of money lent by the Note Holders and the maturity dates of the Notes, or it may offer Notes at a single interest rate for all tiers. Note tiers (including amounts, maturities, and rates) are expected to change from time to time and will

be reflected in a Note Schedule published by the Manager, usually on a quarterly basis.

Payments to Note Holders:

During the term of the Notes, the Fund will pay accrued interest to the Note Holders on a monthly basis. Any accrued but unpaid interest shall cumulate, but not compounded to the principal.

Notes are not due and payable by the Fund upon their maturity. Instead, Note Holders are required to provide the Manager with a Cash-Out Notice at least 60 days prior to the maturity dates of their Notes or the dates thereafter that they wish to have their Notes repaid by the Fund. If a Note Holder does not provide a Cash-Out Notice to the Manager at least 60 days prior to the maturity date of the Note Holder's Note, then the Note Holder's Note will automatically extend on the maturity date of the Note Holder's Note at the Note Rate less 1% until either (i) the Note Holder notifies the Fund that it wishes for the outstanding balance of the Note Holder's Note to be rolled over into a new Note, at an interest rate based on the then current Note Schedule, and such new Note is executed, or (ii) 60 days after the Note Holder provides a Cash-Out Notice with respect to the Note Holder's Note.

Additionally, the Fund may extend repayment of a Note for an additional 90 days beyond the date required for repayment under the Cash-Out Notice by continuing to make interest payments to the Note Holder on a monthly basis at the existing Note Rate plus 1%.

Collateral for the Notes:

The Fund's obligations under the Notes will be secured by a security interest in the Fund Assets. Pursuant to the Intercreditor Agreement, each Note Holder appoints the Manager as the initial Note Holder Representative, and any successor Representative as determined by the Manager, as the Note Holder's true and lawful representative and attorney-in-fact in the Note Holder's name, place, and stead to take any action to protect and perform the Note Holder's rights in respect of such collateral in the event of the Fund's default under the Notes. The Note Holder Representative shall take such actions on a Pari Passu basis for all Note Holders. The Note Holders will have very limited rights under the Intercreditor Agreement to direct the Note Representative to take any particular action on their behalf in the event of a default.

Transfer Restrictions; Withdrawals:

Except in cases of death, disability, or divorce, no Member or Note Holder may sell, assign, or transfer its Units or Notes, in whole or in part, or use their Units or Notes as collateral for other indebtedness, without the prior written consent of the Manager, which consent may be withheld in the Manager's sole discretion.

Subject to the Members' limited rights to request Redemption of their Units and the Note Holders' limited rights to request Early Repayment of their Notes, no Member or Note Holder has the right to withdraw any of their invested capital from the Fund.

The Manager may, by written notice to any Member, suspend payment of any Distribution or withdrawal proceeds to the Member if the

Manager reasonably deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Fund, the Manager, the Members, or any of the Fund's service providers.

The Manager may require a Member to withdraw all or any part of the value of the Member's Capital Account if the Manager considers such withdrawal necessary to correct violations of law or applicable regulation, or to avoid a material adverse impact on the Fund, the Manager, or the other investors in the Fund. In such event, the Manager shall give not less than five days' written notice to the Member specifying the date of withdrawal. As soon as practicable thereafter, the withdrawing Member shall receive the balance of the value in such Member's Capital Account, subject to all appropriate adjustments pursuant to the provisions of the Operating Agreement.

Member Redemption Requests and Lockup Period:

No Member will be allowed to issue a Redemption Request with respect to the Member's Units during a 12-month Lockup Period after the date such Units were issued by the Fund to the Member. Notwithstanding the foregoing, Redemption Requests for reasons of financial hardship or emergency during the Lockup Period may be considered on a case by case basis subject to a Redemption Fee equal to the amount of the 5% of the then-prevailing Unit Price. The Manager will have no obligation to consider any hardship Redemption Requests during the Lockup Period and will be entitled to charge a higher or lower Redemption Fee as the Manager deems appropriate. All Redemption Fees charged and collected will be considered Fund Income.

Members must submit their Redemption Requests at least 60 days prior to the requested date of Redemption. Subject to the Manager's discretion to grant any Redemptions, Redemptions will be processed on a quarterly basis, typically in the order received.

The Manager will have no obligation to grant any Redemption Request and will retain sole discretion as to whether to redeem any Unit, even after the Lockup Period. No Member will be given priority for Redemption over any other Member for any reason other than the date upon which the Redemption Request was made. The Manager may redeem Membership Units Pari Passu at any time at the then-prevailing Unit Price in its sole discretion without penalty to the Manager or the Fund.

All the above parameters notwithstanding, the Manager will endeavor to manage the Fund in such a manner as to be able to reasonably accommodate Redemption Requests at any time after the Lockup Period as consistently as possible.

Early Repayment of Notes:

A Note Holder may request an Early Repayment of a Note prior to the maturity date of the Note subject to an Early Repayment Fee in the amount equal to the amount of interest paid under the original Note Rate and the amount of interest that would have been paid had the Note Rate been set based on the shorter Note term, as determined by the Manager in its sole discretion, plus 5% of the original principal amount

of the Note. The Manager, in its sole discretion, shall be entitled to charge a higher or lower Early Repayment Fee based on any circumstances the Manager deems relevant. All Early Repayment Fees charged and collected will be considered Fund Income.

Removal of the Manager:

The Members will only be able to remove or replace the Manager for cause and with the approval of Members holding at least two-thirds of the Ownership Interests in the Fund. "For cause" means that a court of competent jurisdiction has held, in a final, unappealable ruling, that the Manager or a principal of the Manager has (i) committed (or pleads nolo contendere to having committed) embezzlement, fraud, or any other act involving material improper personal benefit against the Fund or any Fund Assets, or (ii) materially breached the Operating Agreement, which breach remains uncured as of the date of such finding, in a manner that has had a material adverse effect on the Fund.

In the case of acts by a principal of the Manager, the Manager may not be removed if the offending principal is removed as a member of the Manager, and from any management role with respect to the Manager, within 30 days after the court ruling that would otherwise have given rise to a right by Members to remove the Manager.

Upon removal of the Manager, the Members may elect a new manager or dissolve the Fund by Majority vote.

Note Holders will have no control rights over Fund management decisions, nor will Note Holders have any right to remove the Manager.

Capital Accounts and Allocations:

The Fund will maintain an individual Capital Account for each Member in accordance with the applicable tax rules for purposes of allocating the Fund's profits and losses. The Capital Account of each Member shall be (A) increased by (i) the amount of all Capital Contributions made by that Member and (ii) any items of gross income allocated to the Member, and (B) decreased by (i) the amount of any items of loss allocated to the Member and (ii) the amount of any Capital Contributions returned to the Member. Each Member's Capital Account will also be adjusted to reflect any other adjustment required pursuant to Treasury Regulations Section 1.704-1 or 1.704-2.

Financial Statements, Audits and Tax Returns:

The Manager will engage a qualified CPA to compile annual financial statements for the Fund in accordance with GAAP or any other appropriate method selected by the Manager in consultation with qualified professionals. The Manager does not intend for the Fund's financial statements to be audited, but may elect to do so in the Manager's sole discretion, and the cost of any such audit will be a Fund Expense. The Fund will also prepare and file tax returns each year. Financial statements (including any reviewed or audited financial statements the Manager elects to obtain), and each tax return, will be available to Members upon request.

Side Letters:

The Manager, on its own behalf or on behalf of the Fund, may from time to time enter into letter agreements or other similar agreements

	(collectively, "**Side Letters**") with one or more Members or Note Holders. These Side Letters may entitle a Member or Note Holder to make an investment in the Fund on terms other than those described in this PPM or the other Documents or provide a Member or Note Holder with additional or different rights and benefits.
ERISA Considerations:	Persons subject to ERISA and certain other tax-exempt Persons may purchase Units or Notes. Trustees or administrators of such Persons are urged to carefully review the matters discussed in this PPM. The Fund does not intend to permit investments in Units by Benefit Plan Investors to equal or exceed 25% of the value of the Units.
Limitation of Liability and Indemnification	Under the LLC Agreement, to the extent permitted by applicable law, the Manager, any Affiliates, and any managers, officers, employees, or agents of the Manager or any Affiliates (each, a "**Covered Person**") will not be liable for, and will be held harmless and be indemnified and defended by the Fund from, any cost, claim, liability or loss suffered by the Covered Person solely by virtue of the Covered Person's actions or omissions in connection with the Fund's activities; provided, that such liability is not the result of such Covered Person's fraud, bad faith, gross negligence, or willful misconduct.

FREQUENTLY ASKED QUESTIONS

The information included in the following Frequently Asked Questions is not a complete overview of the Offering and does not contain all the information that Investors should consider before investing in the Fund. Investors should read the entire PPM thoroughly and carefully, including the section "Risk Factors."

What are the differences between the two investment options?

Investors lending money to the Fund will be issued Notes and become Note Holders. Note Holders will be lenders to the Fund on a Pari Passu basis with other Note Holders and have a blanket secured interest in the Fund Assets. This secured interest will be in a senior position except in circumstances where individual Fund Assets have been or are being pledged by the Fund to any Credit Facility, as discussed in greater detail below. Note Holders will be issued Notes at Note Rates established by the Manager. The applicable Note Rates will depend on the amounts and durations of the Notes and the current market conditions and other factors as determined by the Manager. The Fund may prepay the outstanding principal balance and interest to any Note Holder at any time without penalty. Interest to Note Holders will be paid on a monthly basis. The interests of the Note Holders will be represented by a Note Holder Representative, who will initially be the Manager. Note Holders will be issued an IRS Form 1099 annually for any interest received.

Investors purchasing ownership interests in the Fund will be issued Membership Units and will become Members. Subject to performance of the Fund and after paying Fund Expenses, interest and principal payments due under the Notes, amounts paid in respect of Redemptions or Early Repayments, and such amounts as the Manager deems reasonable in order to provide for any anticipated, contingent, or unforeseen expenditures or liabilities of the Fund, Members will receive a Preferred Return of 9% per annum on their unreturned Capital Contributions. To the extent there is any Distributable Cash after payment of the Preferred Return, Members will receive 75% of such Distributable Cash and the Manager will receive 25% of such Distributable Cash. The Preferred Return will be cumulative, meaning that any amount not paid will carry forward, on a non-compounded basis, until paid in full. The Manager intends for the Fund to make quarterly Distributions to the Members, but the ability to make such Distributions is subject to the Fund's performance and the Manager reserves the right to make or not make Distributions as it determines to be in the best interests of the Fund. There is no guarantee as to the timing, frequency, or amount of any Distributions. Members will be issued IRS Form K-1's annually for any Distributions received and any other tax allocations to them by the Fund according to their Ownership Interests.

What sort of Fund oversight and governance exists to help protect Investors? What can Investors expect in the way of transparency and communication?

Many well developed best practices for corporate governance have been established and promoted by various leading organizations in the fund industry. CLFM believes in adhering to industry best practices as much as possible in terms of fund governance, oversight, transparency and communication with Investors. While the Manager has the flexibility to modify its practices over time to meet the needs of the Fund, CLFM has endeavored to incorporate best practices into the way it manages the Fund. Among others, CLFM accomplishes this objective in the following ways:

- The Manager will engage a qualified CPA to compile annual financial statements for the Fund in accordance with GAAP or any other appropriate method selected by the Manager in consultation with qualified professionals. The Fund will also prepare and file tax returns each year.

- The Manager does not intend for the Fund's financial statements to be audited, but may elect to do so in the Manager's sole discretion.

- Financial statements (including any reviewed or audited financial statements the Manager elects to obtain), and each tax return, will be available to Members upon request.

- The Manager anticipates providing Members with frequent (typically quarterly) qualitative and quantitative information about the Fund and its performance.

- Meetings will be held on an annual basis to provide a forum for Members to ask questions and be heard. Members also have the ability (by Majority vote) to require the Manager to convene a meeting (with appropriate notice) at any time.

- The Manager intends to use the services of Verivest LLC, a qualified, third-party administrator to provide certain Fund administration services.

- The Members may remove or replace the Manager for cause with the approval of Members holding at least two-thirds of the Ownership Interests in the Fund. Upon removal of the Manager, the Members may elect a new manager or dissolve the Fund by Majority vote.

How does the Fund make money?

The Fund shall receive as Fund Income:

- payments of principal and interest made by borrowers of Loans;

- prepayment, exit, extension, modification, and late payment fees paid by borrowers of Loans (to the extent shared by the Operating Company with the Fund),;

- rent or other income collected on real estate Assets owned by the Fund;

- Redemption Fees and Early Repayment Fees;

- the portion (50%) of any Loan Origination Fees payable to the Fund as described in this PPM;

- the portion (50%) of any premiums from Loans sold by the Fund payable to the Fund as described in this PPM;

- the portion (any excess of 1%) of any rate spread on Loans held or sold by the Fund servicing-retained payable to the Fund as described in this PPM;

- any interest collected on deposited monies held by the Fund; and

- the net sale proceeds in excess of basis on the disposition of any Assets owned by the Fund.

How does the Manager and/or Affiliates get paid?

The Manager and its Affiliates will be entitled to substantial compensation with respect to the operations of the Fund, summarized as follows:

- the Manager will receive a monthly Management Fee equal to 1% per annum of all AUM;

- for each Loan held by the Fund or sold by the Fund servicing-retained, the Operating Company will receive a Servicing Fee equal to 1% of the unpaid principal balance earning interest at the end of the reporting period;

- the Manager, its Affiliate, or Andrew Boccia will receive market-rate brokerage fees for any brokerage services provided to or on behalf of the Fund;

- for each Loan originated or acquired by the Fund, the Operating Company may charge the Fund Ancillary Fees, not to exceed $5,000 per transaction;

- the Operating Company will receive a portion (50%) of any Loan Origination Fees;

- the Operating Company will receive a portion (50%) of any premiums from Loans sold by the Fund;

- from any Distributable Cash that would otherwise be distributable to the Members after payment of the Preferred Return, 25% will be distributed to the Manager as a carried interest or promote;

- the Operating Company may charge other market-rate fees to borrowers and may share portions of those fees with the owners of the Loans as it determines appropriate in its discretion;

- the Manager or its Affiliates may receive market-rate fees for any services the Manager determines to cause the Fund to engage the Manager or such Affiliates to provides for or on behalf of the Fund; and

- the Manager may elect to make co-investments alongside Members as direct investments into the Fund and, in such event, shall be entitled to any compensation, distribution, or other economic rights arising from such co-investments.

Are there any conflicts of interest between the Fund and the Manager and/or Affiliates?

Yes. As hard as CLFM may try to adhere to governance best practices, it is impossible to eliminate every conceivable potential conflict of interest between the Manager (and Affiliates) and the Fund. Please see the "CONFLICTS OF INTEREST" section for more details.

What do I need to do to purchase Units and become a Member?

An Investor that wishes to purchase Units must complete a Unit Subscription Agreement and the other documents included in the Member Subscription Booklet, either online or in hard copy, and deliver the full amount of the Investor's investment to the Manager. Upon receipt of executed documents and payment, the Fund will deposit the Investor's funds into the Fund's Subscription Account. An investment in Units generally becomes effective and an Investor is admitted to the Fund as a Member on the first day of the calendar quarter after the Fund receives the Investor's funds, accepts the Investor's Member Subscription Booklet, and transfers the Investor's funds to the Fund's Operating Account in order to deploy those Funds in connection with the acquisition of Assets or other aspects of the Fund's operations. The Manager may, in its sole discretion, grant an Investor a grace period of 15 days following the first of a calendar quarter for an Investor to submit the Investor's Member Subscription Booklet and investment funds, and still be issued Units as of the first day of that calendar quarter.

How is the Unit Price determined?

During the first quarter of the Fund's operations, the Unit Price will be fixed at $1,000/Unit. In each subsequent quarter, the Manager will determine a Unit Price as of the last day of each calendar quarter by dividing the amount by which the Stated Value of all Fund Assets changed during the prior quarter by the total number of outstanding Units and adding or subtracting that amount to the prior quarter's Unit Price. The Manager also retains broad discretion to consider other factors in determining the Unit Price but will strive always to set a Unit Price that is as fair as possible to all Members of the Fund. The Manager may modify the Stated Value methodology for Assets other than performing loans from time to time in its sole discretion.

Can Members sell or transfer their Units?

The Units are restricted as to sale and transfer. Some of the factors that prevent Investors from transferring the Units include:

- No public market exists for the Units, and one is not expected to develop;
- Restrictions imposed by federal and state securities laws;
- Restrictions imposed by the Operating Agreement, including the necessity of obtaining the Manager's consent, which it may withhold for any reason;
- The application of the Investor suitability standards to the proposed transferees of the Units; and
- Restrictions regarding the potential of the Fund to become, through its limited liability company structure, a "publicly traded partnership" under the Code or become subject to registration under the Investment Company Act.

What do I need to do to purchase a Note and become a Note Holder?

An Investor that wishes to purchase a Note must complete a Notes Subscription Agreement and the other documents included in the Note Holder Subscription Booklet, either online or in hard copy, and deliver the purchase price of the Note to the Manager. Upon completion of the subscription process and receipt of the Investor's payment, the Fund will deposit the Note purchase price into the Fund's Subscription Account and hold it there until the Fund is ready to deploy the proceeds of the Note.

The purchase of a Note only becomes effective as of the date upon which the Fund accepts the Investor's Note Holder Subscription Booklet and transfers the Investor's funds into the Fund's Operating Account. Investor funds deposited with the Fund earn no interest while held in the Fund's Subscription Account. Once the funds are transferred to the Fund's Operating Account, the Fund will provide the Investor a Note incorporating the applicable Note Rate from the then-current Note Schedule.

What happens at maturity of my Note?

The Notes are not due and payable by the Fund upon their maturity. Instead, Note Holders are required to provide the Manager a Cash-Out Notice at least 60 days prior to the maturity dates of their Notes or the dates thereafter that they wish to have their Notes repaid by the Fund. If a Note Holder does not provide a Cash-Out Notice to the Manager at least 60 days prior to the maturity date of the Note Holder's Note, then the Note Holder's Note will automatically extend on the maturity date of the Note Holder's Note at the Note Rate less 1% until either (i) the Note Holder notifies the Fund that it wishes for the outstanding balance of the Note Holder's Note to be rolled over into a new Note, at an interest rate based on the then current Note Schedule, and such new Note is executed, or (ii) 60 days after the Note Holder provides a Cash-Out Notice with respect to the Note Holder's Note.

Additionally, the Fund may extend repayment of a Note for an additional 90 days beyond the date required for repayment under the Cash-Out Notice by continuing to make interest payments to the Note Holder on a monthly basis at the existing Note Rate plus 1%.

As a Note Holder, can I sell or assign my Note?

Note Holders will not have the power to sell or transfer their Notes, except upon written consent of the Manager. Since the Notes are offered only to accredited investors, it is not possible to freely allow the transfer of Notes unilaterally on the part of the Note Holders. The Manager will review any proposed

transfer and may withhold its consent due to a violation or perceived violation of state or federal securities laws, ERISA, the Code, or for any reason in its sole discretion.

Is my Note liquid at any time?

No. Each Note has a defined term and specific maturity date. A Note Holder may request an Early Repayment of the Note prior to its maturity date subject to an Early Repayment Fee. The granting or not of an Early Repayment Request will be determined in the sole discretion of the Manager.

How often are payments on the Notes made to Note Holders?

Interest on the Notes is paid monthly to the Note Holders, at the Note Rate specified in each individual Note.

Who will represent the interests of the Note Holders?

Pursuant to the Intercreditor Agreement, the Note Holder appoints the Manager as the initial Note Holder Representative and any successor Representative, as determined by the Manager, as its true and lawful representative and attorney-in-fact in such Note Holder's name, place and stead to make, execute, sign, acknowledge, file and record all instruments, agreements, or documents as may be necessary or advisable to reflect the exercise by the Representative of any of the powers granted to it under the Intercreditor Agreement. The Representative will have the authority to sign all documents and take any action necessary to protect each Note Holder's Pari Passu rights in the collateral for the Notes.

Do I have to pay a commission or load with my investment?

The Manager will not charge a commission or any load for the purchase of the Units or Notes.

However, the Manager may engage duly licensed placement agents, broker/dealers, third-party marketers, and similar entities, including Affiliates of the Manager, to raise capital for the Fund. The cost of these services will be a Fund Expense and therefore borne indirectly by all Investors.

When will the Fund start making investments?

The Fund may begin making its investments as summarized herein immediately upon receipt of invested capital, or as soon thereafter as is practicable in the judgment of the Manager. There is no requirement that the Fund receive a certain number of Subscription Booklets or aggregate amount of investment funds before conducting its Initial Closing. The relative size of the initial Fund Assets may be smaller than in the future depending on the amount of capital available to the Fund.

Will Investors receive a copy of the Fund's Operating Agreement?

Yes. A copy of the Operating Agreement is included in the Member Subscription Booklet and will be made available to Note Holders upon request. In the event of any conflict between the terms of this PPM and the Operating Agreement, the Operating Agreement will be controlling.

How is the Fund formed for tax purposes?

The Fund expects to be treated as a partnership for federal tax purposes, and not as a corporation. Investors considering a purchase of the Units or Notes should consult their own tax advisor for advice on any personal tax consequences that may be associated with an investment in the Units or Notes. Also see the "Tax Aspects of Offering" section of this PPM.

RISK FACTORS

There are risks associated with investing in the Fund, the majority of which are not within the Fund's or the Manager's control. These risks include, among others, trends in the economy, particularly the real estate and capital markets, fluctuations in the interest rate environment, income tax laws, government regulations, and the availability of satisfactory investment opportunities. Prior to investing in the Fund, Investors should perform their own analysis of the investment opportunities and objectives presented and discuss investing in the Fund with their own advisors.

RISKS RELATING TO AN INVESTMENT IN THE FUND – GENERAL

Best Efforts Offering; Diversification

This Offering is being conducted on a "best efforts" basis. No guarantee can be given that all or any of the securities will be sold, or that sufficient proceeds will be available to conduct successful operations. Receipt of a relatively small amount of invested capital may reduce the ability of the Fund to spread investment risks through diversification of its portfolio.

No Guarantee of Profitability

There can be no assurance that cash flows will be sufficient to create net profits for the Fund even if the Manager believes in each investment's economic viability. Poor performance by a few of the investments could significantly affect the total returns to Investors. There is no guarantee that the Fund will be able to make monthly interest payments under the Notes, repay the Notes as obligated. There is also no guarantee that the Fund will be able to pay the Preferred Return or make any other Distributions, whether on a quarterly basis or at all. The Manager may choose not to make a Distribution if it believes it is in the best interest of the Fund to do so.

No Guaranteed Return of Investor's Capital Contributions

Investment in the Fund is speculative and involves a high degree of risk. There can be no guarantee that an Investor will realize a substantial return on the investment, or any return at all, or that the Investor will not lose the entire investment. For this reason, each prospective Investor should read this PPM and all documents in the Subscription Booklet carefully and should consult with his, her or its own legal counsel, accountant(s), or business advisor(s) prior to making any investment decision.

Borrowing by the Fund Could Increase the Risk of Losses

As described in this PPM, the Fund may choose from time to time to borrow funds pursuant to a Credit Facility. Although the purpose of leverage is to provide flexibility and additional liquidity options to the Fund, reduce required Member equity, as well as potentially increase the overall Member return, its use is inherently risky and can instead increase the risk of loss.

The interest rates at which the Fund can borrow funds will affect the Fund's operating results. While the use of borrowed funds will increase returns if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for the funds, the use of leverage will decrease returns if the Fund fails to earn as much on such incremental investments as it pays for the funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Fund than if the Fund was not so leveraged. The use of leverage has the potential to magnify the gains or the loss on the Fund's investments and to make the Fund's returns more volatile.

The Fund may be unable to meet its obligations to a lender under a Credit Facility. If this occurs, the Fund may be liable for increased payments and penalties to the lender. The lender may also foreclose on any Fund assets in which it holds a security interest. In some cases, the Manager may have no control over the circumstances giving rise to a default, such as the primary tenant in a Fund Asset becoming bankrupt or failing to renew a lease or renewing a lease on unfavorable terms (which may be driven by market forces

outside of the Manager's control). If the Fund guaranteed defaulted debt or the debt is at the Fund level or cross-collateralized with other Fund Assets, a more significant portion of the Fund could be adversely affected. In addition, increased use of leverage may result in less flexibility because of the debt covenants. As such, the Fund's inability to perform under a Credit Facility could have significant negative effects on the Fund, its assets and ultimately the Investors.

The Fund could be in a position where it must borrow funds to cover its operating expenses, overhead or committed investments. In any of these events, it is uncertain whether debt financing will be available to the Fund on desirable terms, or at all. If the Fund is unable to secure debt financing in these circumstances, the Fund could end up in default of its obligations to third-parties and incur significant penalties and other negative consequences. If the Fund can secure debt financing in these circumstances, the Fund could be highly leveraged and would be subject to all the risks associated with borrowing.

Governmental Regulation Could Be Costly and Restrict the Fund
The industry in which the Fund will become an active participant may be highly-regulated at both state and federal levels, both with respect to its activities as an issuer of securities and its investing activities. Some of these regulations are discussed in greater detail below. The Fund or the Fund Assets may be subject to governmental regulations in addition to those discussed in this PPM, and new regulations or regulatory agencies may develop that affect the Fund's operations and ability to generate revenue. The Fund will attempt to comply with all applicable regulations affecting the markets in which it operates. However, such regulation may become overly burdensome and therefore may have a negative effect on the Fund's ability to perform as illustrated.

This PPM May Contain Ministerial Errors and Omissions
Any clerical mistakes or errors in this PPM should be considered ministerial in nature and not a factual misrepresentation or a material omission of fact.

U. S. Securities Laws and Foreign Investors
The offer and sale of the Units and Notes will not be registered under the Securities Act or the laws of any applicable state pursuant to an exemption from the registration requirements of the Securities Act, and the securities laws of certain states. Each Investor must furnish certain information to the Manager and represent, among other customary private placement representations, that it is acquiring its Units or Notes for investment purposes and not with a view towards resale or distribution. The acquisition of Units or Notes by each Investor also must be lawful under applicable state securities laws and the acquisition of Notes must be lawful under the laws of the applicable foreign jurisdiction if the Investor is a non-U.S. person.

The Units and Notes have not been, and will not be, registered under the Securities Act. Accordingly, the United States securities laws impose certain restrictions upon the ability of a Member to transfer such Units, or a Note Holder to assign such Notes. Neither Units nor Notes may be offered, sold, transferred or delivered, directly or indirectly, unless (i) such Units or Notes are registered under the Securities Act and any applicable state securities laws, or (ii) an exemption from registration under the Securities Act and any applicable state securities laws is available. Moreover, there will be no liquid, public market for the Units or Notes, and none is expected to develop.

Further, Units or Notes may not be offered, sold, transferred, assigned or delivered, directly or indirectly, to any "Unacceptable Investor." Unacceptable Investor means any Person who is known to be a:

> (a) Person who is a "designated national," "specially designated national," "specially designated terrorist," "specially designated global terrorist," "foreign terrorist organization," or "blocked person" within the definitions set forth in the Foreign Assets Control Regulations of the United States Treasury Department, 31 C.F.R., Subtitle B, Chapter V, as amended;

(b) a natural person acting on behalf of, or an entity owned or controlled by, any government against whom the United States maintains economic sanctions or embargoes under the Regulations of the United States Treasury Department, 31 C.F.R., Subtitle B, Chapter V, as amended--including, but not limited to--the "Government of Sudan," the "Government of Iran," the "Government of Cuba," the "Government of Syria," and the "Government of Burma"; or

(c) Person subject to additional restrictions imposed by the following statutes or Regulations and Executive Orders issued thereunder: The Trading with the Enemy Act, the Iraq Sanctions Act. Pub. L. 101-5 13, Title V, §§ *586* to 586J, 104 Stat. 2047, the National Emergencies Act, 50 U.S.C. §§ 1601 et seq., the Antiterrorism and Effective Death Penalty Act of 1996, Pub. L. 104 132, 110 Stat. 1214 1319, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the United Nations Participation Act. 22 U.S.C. § 287c, the International Security and Development Cooperation Act, 22 U.S.C. § 2349aa-9, the Nuclear Proliferation Prevention Act of 1994, Pub. L. 103 236, 108 Stat. 507, the Foreign Narcotics Kingpin Designation Act, 21 U.S.C. §§* 1901 et seq., the Iran and Libya Sanctions Act of 1996, Pub. L. 104 172, 110 Stat. 1541, the Cuban Democracy Act. 22 U.S.C. §§ 6001 et seq., the Cuban Liberty and Democratic Solidarity Act. 22 U.S.C. §§ 6021-91, and the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1997, Pub. L. 104 208, 110 Stat. 3009 172, or any other law of similar import as to any non-U.S. country, as each such Act or law has been or may be amended, adjusted, modified, or reviewed from time to time.

In the event of a registered public offering of Units in the U.S., the Fund would become subject to the reporting obligations under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Under such circumstances, Investors that own more than 5% of the Fund's outstanding Units may be obligated to make certain information filings with the Commission pursuant to the Exchange Act. Each prospective Investor is advised to consult with its own legal advisor regarding the securities law consequences of ownership of Units if the Units become subject to the Exchange Act.

Compliance with Anti-Money Laundering Requirements May Require Reporting Investor Interests and Affect Investor Rights to Participation in the Fund

The Fund may be subject to certain provisions of the USA PATRIOT Act of 2001 (the "**Patriot Act**"), including, but not limited to, Title III thereof, the International Money Laundering and Abatement and Anti-Terrorist Financing Act of 2001 ("**Title III**"), certain regulatory and legal requirements imposed or enforced by the Office of Foreign Assets Control ("**OFAC**") or the United States Treasury's Financial Services Enforcement Network ("**FINCEN**"), and other similar laws of the United States. In response to increased regulatory concerns with respect to the sources of the Fund's capital used in investments and other activities, the Manager may request that Investors provide additional documentation verifying, among other things, such Investor's identity and source of funds to be used to purchase Units or Notes. The Manager may decline to accept a subscription from an Investor if this information is not provided or based on the information that is provided. Requests for documentation and additional information may be made at any time during which a Member holds Units, or a Note Holder holds a Note or Notes. The Manager may be required to report this information or report the failure to comply with such requests for information, to appropriate governmental authorities, in certain circumstances without informing a Member or Note Holder that such information has been reported. The Manager will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures, including, but not limited to, those imposed or enforced by OFAC, FINCEN, the Patriot Act and Title III. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering laws and at this point it is unclear what steps the Manager may be required to take; however, these steps may include prohibiting a Member from making further Capital Contributions to the Fund, or Note Holder from lending further monies to the Fund, depositing distributions or interest to which such Member or Note Holder would otherwise be entitled into an escrow account or causing the withdrawal of such Investor from the Fund.

Compliance with Dodd-Frank Act and Similar Regulations

The U.S., state and foreign governments have taken or are considering extraordinary actions to address real or perceived underlying causes of financial crisis and fraud and to prevent or mitigate the recurrence. These actions or other actions under consideration could result in unintended consequences or new regulatory requirements which may be difficult or costly to comply with. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act or the "Dodd-Frank Act," creates a Financial Services Oversight Council to identify emerging systemic risks and improve interagency communication, creates a Consumer Financial Protection Agency authorized to promulgate and enforce consumer protection regulations relating to financial products, which would affect both banks and non-bank finance companies, imposes a comprehensive new regulatory regime of financial markets, including derivatives and securitization markets and creates an Office of National Insurance within Treasury. While the bill has been signed into law, several provisions of the law remain to be implemented through the rulemaking process at various regulatory agencies. It is unforeseeable what the final form of these rules will be when implemented by the respective agencies, but certain aspects of the new legislation, including, without limitation, the additional cost of higher deposit insurance and the costs of compliance with disclosure and reporting requirements and examinations by the new Consumer Financial Protection Agency, could have a significant impact on the Fund's business, financial condition and results of operations. Additionally, it is unforeseeable whether there will be additional proposed laws or reforms that would affect the U.S. financial system or financial institutions, including the Fund, whether or when such changes may be adopted, how such changes may be interpreted and enforced or how such changes may affect the Fund. For example, bankruptcy legislation could be enacted that would hinder the ability to foreclose promptly on defaulted mortgage loans or permit limited assignee liability for certain violations in the mortgage origination process, any or all of which could adversely affect the Fund's business or result in the Fund and/or the Manager being held responsible for violations in the mortgage loan origination process even were the Fund was not the originator of the loan.

Other laws, regulations, and programs at the federal, state and local levels are under consideration that seek to address the economic climate and real estate and other markets and to impose new regulations on various participants in the financial system. It is unforeseeable the effect that these or other actions will have on the Fund's business, results of operations and financial condition. Further, the failure of these or other actions and the financial stability plan to stabilize the economy could harm the Fund's business, results of operations and financial condition.

The Manager's Interests May Be in Conflict with the Investors' Interest

The Manager, its Affiliates, and its principals are subject to various conflicts of interest in managing the Fund. Among other things, the Manager and any of its Affiliates may provide services to, and otherwise deal or do business with, the Fund and receive market-rate fees and other compensation for those services. As a result, the Fund may pay the Manager and its Affiliates substantial fees or other compensation that are not determined by arm's-length negotiations. The Manager and any of its Affiliates may also be reimbursed any Fund Expenses they incur for or on behalf of the Fund. The Manager also serves as the Note Holder Representative and, in that capacity, is responsible for acting on behalf of the Note Holders to enforce their rights with respect to their security interest in the Fund Assets in the event the Fund defaults on its obligations under the Notes.

Please see the section of this PPM titled "Conflicts of Interest" for more information about these, and other, potential conflicts of interest.

Reliance on the Manager and its Personnel

The Fund does not have its own officers, directors, or employees. The Manager supervises and controls the business affairs of the Fund, locates investment opportunities for the Fund, raises capital for the Fund, administers the financial affairs of the Fund, and renders certain other services, in each case subject to delegation to other firms or Affiliates of the Manager. The Manager and its principals, however, will devote only such time to the Fund's affairs as may be reasonably necessary to conduct its business. The Manager, its Affiliates, and its principals may compete with the business of the Fund or may be a manager or investor

of other companies (some of which may directly compete with the business of the Fund) and have other business interests of significance.

Risk of Additional Investors
The Fund is open-end, which means it does not have restrictions on the number of Units or Notes the Fund will issue. If demand is high enough, the Fund may continue to issue Units or Notes no matter how many Investors there are. While this Offering is for up to a maximum amount of $100,000,000, this amount may be increased at any time in the sole discretion of the Manager. Additional Units and Notes may be sold from time to time, subject to the Maximum Offering Amount. As additional Units or Notes are issued, the increase in Units or Notes may reduce the amounts the Fund has available to make Distributions to any one Member or payments under the Notes to any one Note Holder, as such amounts will need to be available to distributed amongst more Units or paid under more Notes. The Manager intends for the Fund to only accept additional capital to the extent it will result in additional yields sufficient to provide for the associated distributions and payments, but the Fund cannot assure Investors that this will happen. In addition, subsequent sales may be at a Unit Price higher or lower than the current Unit Price, or on Note terms that are more or less favorable to the Note Holders than currently being offered. Since all Units and Notes are Pari Passu, however, Investors that paid different amounts may be entitled to similar returns.

RISKS SPECIFICALLY RELATED TO THE FUND'S REAL ESTATE ASSET BASED BUSINESS MODEL

General Real Estate Risks
The Fund will be subject to the risks that generally relate to investing in real estate. Real estate historically has experienced significant fluctuations and cycles in performance that may result in reductions in the value of the Fund's real estate-related investments. The performance and value of its investments once originated or acquired depends upon many factors beyond the Fund's control. The ultimate performance and value of the Fund's investments are subject to the varying degrees of risk generally incident to the ownership and operation of the properties in which the Fund invests and which collateralize or support its investments.

The ultimate performance and value of the Fund's investments will depend upon, in large part, the Fund's ability to recover its investment. Revenues and cash flows may be adversely affected by: changes in national or local economic conditions; changes in local market conditions due to changes in national or local economic conditions or changes in local property market characteristics, including, but not limited to, changes in the supply of and demand for competing properties and other assets within a particular local property market or industry; competition from other vendors or companies offering the same or similar services; changes in interest rates and the credit markets which may affect the ability to finance, and the value of, investments; changes in tax rates and other operating expenses; changes in governmental rules and fiscal policies, civil unrest, acts of God, including earthquakes, hurricanes and other natural disasters, acts of war or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; changes in governmental rules and fiscal policies which may result in adverse tax and other consequences, unforeseen increases in operating expenses generally or increases in the cost of borrowing; decreases in consumer confidence; government taking investments by eminent domain; various uninsured or uninsurable risks; the bankruptcy or liquidation of major tenants; adverse changes in zoning laws; the impact of present or future legislation and compliance with laws; the impact of lawsuits which could cause the Fund to incur significant legal expenses and divert management's time and attention from the day-to-day operations of the Fund; and other factors that are beyond the Fund's control.

Any of the foregoing factors as well as others could adversely impact the return on and cash flows and values of the Fund's investments. In addition, Asset values can decline below their acquisition price or below their appraised, assessed or perceived values after the acquisition. Appraisals, if obtained, are only the appraiser's opinion of the Asset values at a given point in time. Material declines in values could result in subsequent losses. The Fund's investments may be difficult to sell in an efficient and expeditious manner,

and there can be no assurance that there will be a ready resale market if or when the Fund finds it necessary or otherwise elects to sell such investments.

The Fund's Underwriting Standards and Procedures are More Lenient than Conventional Lenders
The Fund may invest in Mortgage Loans with borrowers who will not be required to meet the credit standards of conventional mortgage lenders, which is riskier than investing in loans made to borrowers who are required to meet those higher credit standards.

Because the Manager may approve Mortgage Loans more quickly than some other lenders or providers of capital, there may be a risk that the due diligence the Manager performs as part of its underwriting procedures would not reveal the need for additional precautions. If so, the interest rates the Fund charges and the collateral the Fund requires may not protect the Fund adequately or generate adequate returns for the risk undertaken.

A borrower's ability to pay a Loan balance in a large lump sum may depend on its ability to obtain suitable refinancing or otherwise raise a substantial cash amount.

Risk of Default on mortgage loans / Non-Performing mortgage loans
The Fund's investment strategy includes the acquisition or origination of Mortgage Loans which are subject to the risk of default. At the time of their acquisition, origination or thereafter, Mortgage Loans may be non-performing for a wide variety of reasons. Such non-performing Mortgage Loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of the principal of such Mortgage Loan, and/or the necessity of purchasing senior loans to protect the Fund's interest in its investment.

The Mortgage Loans may become uncollectible or subject to a reduced return due to any voluntary or involuntary bankruptcy, insolvency or similar proceeding affecting any of the Fund's borrowers or guarantors. It is possible that the Manager may find it necessary or desirable to foreclose on collateral securing one or more Mortgage Loans purchased by the Fund. The foreclosure process will vary from jurisdiction to jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a Mortgage Loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, to prolong the foreclosure action. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation may create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. The value of the collateral could also be negatively impacted if a defaulting borrower were to damage the property, negligently or intentionally, while still in possession. Even if foreclosure can be avoided and a restructuring were successfully accomplished, a risk exists that, upon maturity of such Mortgage Loan, replacement "takeout" financing will not be available.

In certain circumstances, the Fund may lose priority of its liens to mechanic or materialmen's liens, by reason of the borrower's wrongful acts or the priority allowed to certain tax liens. It is possible that the total amount recovered by the Fund upon default may be less than the total amount of its Mortgage Loan, with resultant losses to the Fund. In such circumstances, the Manager may pursue deficiency judgments against borrowers, if available. Most, if not all, of the Fund's Mortgage Loans will be general obligations of the borrower or principals of the borrower. Properties held as collateral and foreclosed upon may not generate sufficient income from operations to meet associated expenses of the Fund. In addition, operation of foreclosed properties may require the Fund to spend money for an extended period, and subsequent income and capital appreciation from the foreclosed properties to the Fund may be less than competing investments.

The Fund may be required to rely totally on its interest in the collateral for repayment of a Mortgage Loan. The value of the collateral may be affected by general or local economic conditions, neighborhood values, interest rates, real estate tax rates and other operating expenses, the possibility of competitive over-building

and of the inability to obtain or maintain full occupancy of the properties, governmental rules and fiscal policies, acts of God or casualties for which insurance is not available or obtainable for commercially reasonable premiums, and other factors which are beyond the Fund's or the Manager's control.

The Fund may require transaction analysis reports for environmental screening or other environmental reports on the proposed collateral, which reports may not reveal actual conditions and risks associated with the collateral. The presence of hazardous substances on such collateral may subject the Fund to substantial liability for the cost of removal and/or treatment, reduce the value of the collateral or make it unmarketable. That cost may substantially exceed the value of the collateral involved.

Further, under U.S. law, investments in properties or loans operating under bankruptcy laws are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of the Fund's original investment therein. In addition, under certain circumstances, payments to the Fund and Distributions by the Fund to its Members may be reclaimed if any such payments or Distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law.

The Fund May Have Difficulty Protecting its Rights as a Secured Lender
The Fund believes that its Fund Asset documents will enable it to enforce commercial arrangements with borrowers and other counterparties. However, the rights of borrowers, counterparties, and other secured lenders may limit the Fund's practical realization of those benefits. For example:

- Judicial foreclosure is subject to the delays of protracted litigation. Although the Fund expects non-judicial foreclosure to be generally quicker, the Fund's collateral may deteriorate and decrease in value during any delay in foreclosing on it.

- The borrower's right of redemption during foreclosure proceedings can deter the sale of the collateral and can for practical purposes require the Fund to manage the property.

- The Fund will be making Loans in different states, with varying foreclosure laws, procedures and timelines. Depending on which state a Fund Asset is located, there may be time, effort and cost associated with foreclosing on Mortgage Loans.

- Unforeseen environmental hazards may subject the Fund to unexpected liability and procedural delays in exercising its rights.

- The rights of junior or senior secured parties in the same property can create procedural hurdles for the Fund when it forecloses on collateral.

- The Fund may not be able to pursue deficiency judgments after it forecloses on collateral.

- State and federal bankruptcy laws can prevent the Fund from pursuing any actions, regardless of the progress in any of these suits or proceedings.

- The courts, particularly the bankruptcy courts, may unilaterally alter the contractual terms of Fund Assets, including doing so to the detriment of the Fund.

Care is exercised upon creation of the legal documents at the time of origination or acquisition to ensure that as many bases as possible have been covered in the documents. However, in the event of default, it can be very difficult to predict with any certainty how courts will respond.

Risk of Lack of Knowledge in Distant Geographic Markets
Although the Manager intends for the Fund to focus its investments in locations with which the Manager is generally familiar, the Fund runs a risk of experiencing underwriting challenges or issues associated with a lack of familiarity in some markets. Each market has nuances and idiosyncrasies that affect values,

marketability, desirability, and demand for individual collateral that may not be easily understood from afar. While the Manager believes it can effectively mitigate these risks in a myriad of ways, there is no guarantee that investments in geographic markets outside the physical location of the Manager (or even inside this perceived boundary) will perform as expected.

Risks of Real Estate Ownership
When the Fund acquires real estate, either directly or through foreclosure, deed in lieu of foreclosure, or otherwise, it has economic and liability risks as the owner, including but not limited to:

- Earning less income on disposition of the property than costs incurred in purchasing, improving it, and maintaining it;
- Keeping the property leased by tenants and leased at acceptable rates;
- Potential damage to the property by any tenants;
- Lack of availability or lapse in insurance coverage for the property;
- Controlling operating expenses;
- Coping with general and local market conditions;
- Possible exposure to environmental contamination remediation and clean-up costs, which in some cases could exceed the value of the property;
- The ongoing need for capital improvements, particularly in older buildings structures;
- Complying with changes in the laws and regulations pertaining to taxes, use, zoning and environmental protection; and/or
- Possible liability for injury to persons and property.

The Fund may invest in a property assuming it could negotiate more favorable lease rates but may be unable to do so.

The Fund anticipates that it will secure each Asset with insurance against hazards and contingencies, such insurance may be unavailable or only available at an unreasonable cost.

Risks Relating to Real Estate Development and Renovation
The Fund may engage in new or re-development and plans to renovate properties. There are several risks inherent in attempting to develop real estate, any of which may adversely impact the Fund. Such risks include the ability of the Fund to obtain appropriate funding for development projects, to obtain any required government entitlements and building permits; and to negotiate and execute contracts with architects, engineers, contractors and other design professionals. Once development begins, there is always a risk of cost overruns, change orders or other exceptions from the negotiated pricing that may substantially increase the cost of the completion. In addition, there is a risk that the Fund may become liable for environmental problems in connection with any development project it undertakes. Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on or in its property or not be able to develop or sell the property without incurring such costs. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances may adversely affect the owner's ability to sell or develop such real estate or to borrow funds using such real estate as collateral.

The Fund's Participation with Other Investors May Result in Decisions and Outcomes Different Than Those Best for the Fund

When the Fund does not own an individual investment in its entirety, but rather owns some percentage interest in a transaction (a "**Participation**"), there are additional risks to that investment including, but not limited to, the following:

- Other owner(s) of a Participation in such an Asset may have different ideas, motivations, or desired outcomes than the Fund which may give rise to disputes in how to manage the Asset.

- There may be complications in disposing of the Asset that require additional time, money, and cooperation of parties who may be adverse at the time of retirement of the loan or disposition of the property, which may reduce the amount recovered by the Fund on such an Asset.

- The Manager and/or the Fund may not control or have influence over the transaction involving the Asset subject to the Participation agreement. Such a scenario would subject the Fund to the decisions of another party, whose interests may be adverse to those of the Fund.

- There may be regulations or laws that govern or influence a Participation that are unknown at the time the investment is made, but which have a negative impact on the Asset at the time of disposition.

Risks of Investing in Subordinated (or Second Lien Position) Loans

Some of the Fund's investments may consist of subordinated Mortgage Loans. Such investments will be subordinated to the senior obligations of the property or issuer, either contractually, inherently due to the nature of equity securities, or both. In the event of default on the senior debt, the Fund as a holder of a subordinated loan may be at the risk of realizing a loss of up to all its investment before the senior debt will suffer any loss. Consequently, greater credit risks are usually attached to these subordinated investments than to a borrower's first mortgage or other senior obligations. In addition, these securities may not be protected by financial or other covenants and may have limited liquidity. Adverse changes in the borrower's financial condition and/or in general economic conditions may impair the ability of the borrower to make payments on the subordinated securities and cause them to default more quickly with respect to such securities than with respect to the borrower's senior obligations. In most cases, the Fund's management of its investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing investments, will be subject to the rights of the more senior lenders and contractual intercreditor provisions.

The Fund's Investments are Illiquid in Nature Which Could Limit the Fund's Flexibility or Cause the Fund to Receive Less than Anticipated Value on Disposition

Although some of the Fund's investments may generate current income, the Fund's investments will primarily be illiquid, and may not be readily sold for fair value. The illiquidity commonly associated with real estate investments may limit the Fund's ability to vary its portfolio of investments in response to changes in economic and other conditions. Illiquidity may result from the absence of an established market for investments as well as the legal or contractual restrictions on their resale. In addition, illiquidity may result from the decline in value of a property comprising one of the Fund's investments. There can be no assurances that the fair market value of any property held by the Fund will not decrease in the future, leaving the Fund's investment relatively illiquid.

Furthermore, although the Manager expects that the Fund's investments will be disposed of prior to dissolution, the Fund may have to sell, distribute or otherwise dispose of its investments at a disadvantageous time because of dissolution.

The Fund is Subject to Other Risks Associated with Real Estate Investing and Ownership

The Fund's investments will be subject to the varying degrees of risk and significant fluctuations in their value. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and other characteristics; the financial condition of borrowers, tenants, buyers and sellers of properties; competition from other companies offering the same or similar services; changes in interest rates and in the availability, cost and terms of mortgage funds; the impact of present or future legislation and compliance with laws; the ongoing need for capital improvements (particularly in older structures); changes in tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; civil unrest; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in zoning laws; and other factors that are beyond the control of the Fund.

Usury Risk

State and federal usury laws limit the interest that lenders are entitled to receive on loans. Statutes differ in their provision as to the consequences of a usurious loan. One group of statutes requires the lender to forfeit the interest above the applicable limit or imposes a specified penalty. Under this statutory scheme, the borrower may have the recorded mortgage or deed of trust canceled upon paying its debt with lawful interest, or the lender may foreclose, but only for the debt plus lawful interest. Under a second, more severe type of statute, a violation of the usury law results in the invalidation of the transaction, thereby permitting the borrower to have the recorded mortgage or deed of trust canceled without any payment and prohibiting the lender from foreclosing.

Usury laws in the states where the Fund's investments are located may limit the ability of the Fund to charge interest and create the risk that the Fund may not be able to fully realize their investment in their Mortgage Loans. For example, some states make it unlawful for a lender to charge or collect interest at a rate exceeding a statutorily prescribed interest rate per annum, unless the lender falls into one or more exclusion categories which exempts it from such prohibition. The Manager and/or the Fund may not be eligible for such exemptions under the relevant usury restrictions, and moreover, exemptions may not be available in all states in which the Fund invests. In addition, if a license were required in a state to avail the Fund of an exemption, and the Manager loses its license in that state, the Manager and hence the Fund may no longer be eligible for that state's exemptions from usury law relying on such licensing, which may in turn limit the Fund's ability to generate revenues. While the Manager intends for the Fund to fully comply with any usury laws affecting the Fund's investments, in the event the Fund does violate these laws, it may have a negative impact on the Fund's operations and ability to recover on its investments.

Failure of Digital Operations or Technology Could Damage the Fund

CLFM relies heavily on software and technology, with all documents secured and managed digitally. CLFM utilizes proven software that allows it to track and manage its investments with confidence and accuracy. However, there are risks associated with technology. Defects in software products and errors or delays in processing of electronic transactions could result in:

- transaction or processing errors;
- diversion of technical and other resources from other efforts;
- loss of credibility with current or potential customers;
- harm to reputation; or
- exposure to liability claims.

In addition, CLFM relies on technologies supplied by third parties that may also contain undetected errors, viruses or defects that could have a material adverse effect on the Fund's financial condition and results of operations.

OTHER GENERAL RISKS OF AN INVESTMENT IN THE FUND

New Entity with Limited Operating History
The Fund is a relatively newly-formed entity with limited operating history on which prospective Investors may base an evaluation of likely performance, and the Fund is the first fund managed by the Manager. To the extent that the principal(s) are responsible for the investment results of previous investment funds, those results are, in any event, past results and are not necessarily indicative of future results of the Fund's investments. There can be no assurance that any of the Fund's investments will perform as well as the past investments of the principals, or that the Fund's investments will meet the Fund's target return.

Investors Must Rely on the Manager to Source Investments Consistent with the Fund's Objectives
The Fund has not identified the investments it will make. Accordingly, an Investor must rely upon the ability of the Manager in making investments consistent with the Fund's investment objectives and policies. Although the principals have been successful in locating investments in the past, the Fund may be unable to find a sufficient number of attractive opportunities to invest its committed capital or meet its investment objectives.

Furthermore, there may be a period of time before the Manager fully invests the proceeds of this Offering and begins to make distributions or payments. The Manager will attempt to invest the proceeds as quickly as prudence and circumstances permit; however, no assurance can be given as to how quickly the proceeds will be invested. Consequently, the distributions you receive on your investment may be reduced pending the investment of the Offering proceeds in Fund Assets.

The Fund's Due Diligence May Not Reveal All Factors Affecting an Investment and May Not Reveal Weaknesses in Such Investments.
There can be no assurance that the Manager's due diligence processes will uncover all relevant facts that would be material to an investment decision. Before making an investment, the Manager will assess the strength of the underlying properties and any other factors that they believe are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the Manager will rely on the resources available to them and, in some cases, investigations by third parties.

The Fund's Results Will Be Dependent on the Performance of Fund Management and Continuation of Services
The Manager will make all Fund decisions, including Fund Asset selection. The Fund will be relying solely on the Manager's expertise. The Manager may only be removed for cause upon a vote of the Members holding in the aggregate at least two-thirds of the Units. If the Manager is removed, the Members may elect a new manager or dissolve the fund upon a Majority vote. In such event, there can be no guaranty or assurance that a suitable replacement Manager will be identified and elected in the event of the removal of the Manager. If it is unable to replace the Manager, the Fund would proceed with liquidating the Fund's Assets, which may or may not be able to be successfully executed.

The Fund Could Incur Losses because of Litigation
The Fund's investment activities may include activities that will subject it to the risks of becoming involved in litigation by third parties. The expense of defending claims against the Fund by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Fund and would reduce net assets and could require the Members to return distributed capital and earnings to the Fund. The Manager and its Affiliates will be indemnified by the Fund in connection with such litigation, subject to certain conditions.

Lender Liability Risks Including Equitable Subordination
In recent years, several judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions based on various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or

shareholders. Because of the nature of certain of the Fund's investments, the Fund could be subject to allegations of lender liability.

In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court applying bankruptcy laws may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." The Fund could be subject to claims from creditors of an obligor that the Fund's investments in debt obligations of such obligor should be equitably subordinated. Alternatively, in bankruptcy a court may re-characterize the Fund's claims or restructure the debt using "cram down" provisions of the bankruptcy laws.

Fund Losses May Be Uninsured
The Fund will use best reasonable efforts to require that all Assets are insured against hazard in most cases. However, some events may be uninsurable or insurance coverage for such events may not be economically practicable. Losses from earthquakes, floods or other weather phenomena, for example, that could occur may be uninsured and cause losses to the Fund. In addition, insurance may lapse without proper notice to the Manager and/or Assets may become temporarily uninsured and sustain damage during this period.

Risk of Repayment of Fund Assets and Redeployment of Cash
There is a risk that when Fund Assets are paid off or sold, there may not be sufficient quality opportunities to immediately redeploy the proceeds received from these payoffs and sales into new Fund Assets. If the Fund is unable to locate new Assets in a timely manner, the excess cash may water down the overall yield to the Fund or the Manager may choose to repay Investors earlier than expected.

Competition for Fund Assets Could Reduce Fund Results
The business and arena in which the Fund is engaged is highly competitive, and the Fund and Manager compete with numerous established entities, some of which have more financial resources and experience in the business than the Fund or Manager. The Fund and Manager expect to encounter significant competition from other market participants including private lenders, private equity fund managers, real estate developers, pension funds, real estate investment trusts, other private parties, potential investors or homeowners, and other people and/or entities with objectives similar in whole or in part to those of the Fund. Any general increase in the availability of capital for such purposes may increase competition for Fund Assets and could reduce the yields they produce, including those of the Fund.

Risk of Lack of Geographical Diversity
Initially, most of the Fund Assets acquired by the Fund will be secured by collateral located in the Pacific Northwest and Intermountain West. If these regions suffer economic adversity, the value of the collateral may suffer.

Risk of Loss of Funds in Money Market Accounts
The Manager intends for the Fund to place all its cash which is not otherwise invested in Fund Assets in money market accounts. Each money market account will consist of investments that are immediately liquid, and that, in the Manager's judgment, are sufficiently safe while producing a yield on the Fund's cash. The Manager intends to choose such investments which appear to have a very low probability of loss. Notwithstanding the foregoing, any investment inherently involves certain risks.

Absence of Registration Under Applicable Securities Laws
This Offering is being made under certain federal and state securities laws exemptions. As such, the Units and Notes have not been registered under the Securities Act, or applicable state securities laws. Therefore, no regulatory authority has reviewed the terms of this Offering, including the nature and amounts of the

compensation, the disclosure of risks and tax consequences, and the fairness of the terms of this Offering. Further, Investors do not have all the protection afforded in registered and/or qualified offerings, and they must judge the adequacy of disclosure and the fairness of the terms of this Offering without the benefit of prior review by any regulatory authority.

Furthermore, the Fund may fail to comply with the requirements of the exemptions from registration on which it is relying. If so, the Members could rescind their purchase of Units, and Note Holders could rescind their purchase of Notes under applicable state and federal securities laws. If enough Members and Note Holders successfully sought rescission, the Fund and the Manager would face severe financial demands, which would adversely affect the Fund.

Absence of Certain Regulatory Oversight May Result in the Manager and the Fund Operating Different From, or Providing Less Disclosure Than, a Regulated Investment Fund

While the Fund may be considered similar to an investment company, it is not presently, and does not propose in the future, to register as such under the Investment Company Act or the laws of any other country or jurisdiction and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody to be individually segregated at all times from the securities of any other Person and to be clearly marked to identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) will not be applicable to the Fund. In addition, the Manager is not registered as an investment adviser and does not plan to register under the Investment Advisers Act or as a Commodity Trading Advisor under the Commodity Exchange Act (or any similar law). Furthermore, the Manager is exempt from registration with the Commodity Futures Trading Commission as a commodity pool operator.

If the Fund Becomes Subject to the Provisions of the Investment Company Act its Administrative Financial Burdens Will Increase

The Manager intends for the Fund to operate so as to not be regulated as an investment company under the Investment Company Act (as defined herein) based upon certain exemptions thereunder. Companies that are subject to the Investment Company Act must register with the SEC and become subject to various registration, governance and reporting requirements. Compliance with such restrictions would limit the Fund's flexibility and create additional financial and administrative burdens on the Fund. The Fund believes it can avoid these restrictions based on one or more exemptions provided for companies like the Fund. If the Fund fails to qualify for exemption from registration as an investment company, its ability to conduct its business as described herein will be compromised. Any such failure to qualify for such exemption would likely have a material adverse effect on the Fund.

If the Manager Becomes Subject to the Provisions of the Investment Advisers Act it Will Be Subject to More Restrictions and its Business Efforts May Be Diverted to Administrative Compliance

The Manager has not registered as an investment adviser under the Investment Advisers Act and intends to operate so as to not be required to register as an investment adviser with the SEC. Specifically, a provider of investment advice as to real estate, and not as to securities, should not be considered an "investment adviser" for purposes of the Investment Advisers Act. In addition, even if the Manager were to be deemed an investment adviser, investment advisers are not required to register with the SEC under the Investment Advisers Act so long as they have less than $110 million in Fund Assets, and the Manager expects to be further exempted from registration so long as the Manager has less than $150 million in Fund Assets based on the fact that it is solely a manager of a real estate fund that is a qualifying private fund exempt from registration under the Investment Company Act. If the Manager were deemed to be an investment adviser, and if or when the Manager exceeds that threshold, unless it is eligible for another exemption, it will be required to register under the Investment Advisers Act and will be subject to various restrictive provisions provided for therein. The Manager cannot determine at this time, what, if any, impact such registration and restrictions will have on its business or the business of the Fund.

Because the Manager views itself as being solely in the business of advising the Fund as to real estate, and not as to securities (although the Fund may form special purpose vehicles through which to invest in real estate), the Manager does not intend to register under the Investment Advisers Act or any equivalent laws of one or more states that pertain to investment advice on securities ("**State Advisers** Acts"). Nevertheless, given that each state may adopt its own interpretations, the Manager could be required at some point to register with one or more State Advisers Acts. State Advisers Acts are similar to the Investment Advisers Act but generally apply to investment advisers that are not subject to the Investment Advisers Act because of the amount of Fund Assets or other exemptions from registration. The Manager intends to seek exemptions from such registration where possible. If the Manager does have to register under one or more State Advisers Acts, such registration may create administrative and financial burdens on the Manager, and the Manager's operation of the Fund could be adversely affected to the extent that technical requirements or prohibitions were to prevent the Fund from operating as planned or add costs to the Fund such as certain custody-related requirements. So long as the Manager is not an investment adviser, it does not owe the Fund a formal fiduciary duty as such, and the Fund does not benefit from the protections of the Advisers Act or State Advisers Acts.

The Fund's Reliance on Exclusions from the Investment Company Act May Impact Certain Investment Decisions

To the extent that the Fund invests solely in real estate and not in securities, it should not be considered an investment company under the Investment Company Act. It is nevertheless conceivable that certain ways in which the Fund's investments are structured could be construed as securities for purposes of the Investment Company Act. The Investment Company Act excludes an issuer that follows a real estate program from the definition of an "investment company" if it is "primarily engaged" in, the origination or acquisition of mortgages and other liens on, and/or interests in, real estate. The Manager has not sought a no-action letter from the SEC to confirm that the Fund is eligible for this exemption. However, the Manager will rely on guidance issued by the SEC stating that so long as qualifying percentages of the Fund's Assets consist of (1) mortgages and other liens on or interests in real estate; and (2) the remaining percentage of the Fund's Assets consist primarily of real estate related assets, the Fund will remain exempt from the Investment Company Act registration requirements. Because the Fund is relying on an exemption that is dependent on the nature of the Fund's investment holdings, the Manager may need to consider such restrictions when assessing a potential investment for the Fund, and may decide not to pursue an asset because such asset would jeopardize the Fund's use of the exemption, as opposed to whether or not the asset would otherwise be a sound investment for the Fund.

Indemnification

Pursuant to the Operating Agreement, the Fund will indemnify Covered Persons from any losses, proceedings, investigations, claims, damages, liabilities judgments, demands or expenses of any kind or nature whatsoever arising from any action taken or failure to act on behalf of the Fund within the scope of authority conferred on the Manager under the Operating Agreement, unless the act or omission was conduct constitutes fraud, bad faith, gross negligence, or willful misconduct. If the Fund becomes obligated to make such payments, such indemnification costs would be paid from funds that would otherwise be available to distribute to Members and Note Holders or invest in additional Fund Assets. To the extent these indemnification provisions protect the Covered Persons at the cost of the Members and Note Holders in the Fund, a conflict of interest may exist. Members and Note Holders may be required to return certain amounts distributed to them to fund the indemnity obligations of the Fund.

New Legislative and Regulatory Activity Could Impede on the Fund's Investment Strategy and May Otherwise Have an Adverse Impact on the Fund's Returns

The U.S. Congress, the SEC and other regulators have taken, or represented that they may take, action to increase or otherwise modify the laws, rules and regulations applicable to techniques and instruments in which the Fund may invest. New (or modified) laws, rules and regulations may prevent, or significantly limit the ability of, the Manager from using certain such instruments or from engaging in such transactions. This may impair the ability of the Manager to carry out the Fund's investment strategy and may otherwise have an adverse impact on the Fund's returns. Compliance with such new or modified laws, rules and

regulations may also increase the Fund's expenses and therefore, may adversely affect the Fund's performance. It is not possible at this time to predict with certainty what, if any, impact the new or modified regulations will have on the Manager or the Fund, and it is possible that such impact could be adverse and material.

Certain Considerations for Employee Benefit Plans and Individual Retirement Plans

The following discussion is a summary of certain considerations associated with an investment in the Fund by an "employee benefit plan" that is subject to Part 4 of Title I of ERISA (such as a pension, profit-sharing or other plan that is qualified under Section 401(a) of the Code) or by a "plan" that is subject to Section 4975 of the Code (such as a qualified tax-deferred annuity plan, an individual retirement account or an individual retirement annuity) and government sponsored plans (each such plan, a "Benefit Plan"). This summary is general in nature and does not address every ERISA or other issue that may be applicable to the Fund or a particular investor and does not constitute (and should not be construed as) legal advice or a legal opinion. It is based on the provisions of ERISA, the Code, judicial decisions, and tax and U.S. Department of Labor regulations and rulings in existence as of the date hereof. Future legislative, administrative or judicial action could significantly modify the information summarized herein. Any such changes may be retroactive and thereby apply to transactions entered into before the date of their enactment or release. A fiduciary considering investing assets of a Benefit Plan in the Fund should consult with its legal advisor about ERISA, fiduciary and other legal considerations before making such an investment.

General

ERISA and the Code impose certain duties on Persons who are fiduciaries of Benefit Plans and prohibit the use of "plan assets" for the benefit of the fiduciary and certain transactions involving "plan assets" between the Benefit Plan and "parties in interest" or "disqualified persons," as those terms are defined in ERISA and the Code, respectively. In evaluating whether to invest the assets of a Benefit Plan in the Fund, a fiduciary should consider, among other things: (i) whether the fiduciary has the authority to make the investment under the Benefit Plan's investment policies and governing instruments and under Title I of ERISA; (ii) whether the investment is consistent with the fiduciary's responsibilities and satisfies the requirements outlined in part 4 of subtitle B of title I of ERISA (if applicable), in particular the requirements relating to prudence, diversification and delegation of control over "plan assets"; (iii) whether the investment could constitute or give rise to a violation of the prohibited transaction provisions in section 406 of ERISA or section 4975 of the Code; (iv) whether the investment will provide sufficient liquidity to permit benefit payments to be made as they become due, particularly because an investment in the Fund will be illiquid and there are significant limitations on the marketability of the Interests; (v) any requirement (such as that contained in section 103(b)(3) of ERISA) that the Benefit Plan be valued annually at fair market value, because there will be no public market for the Interests and no annual appraisals of such Interests; and (vi) other provisions in ERISA dealing with "plan assets."

Neither ERISA nor the Code specifically defines the term "plan assets." However, pursuant to U.S. Department of Labor Regulation 29 C.F.R. § 2510.3-101 (the "Plan Asset Regulation"), the assets of an entity in which a Benefit Plan acquires an equity interest will be deemed to be "plan assets" under certain circumstances. The Plan Asset Regulation generally provides that when a Benefit Plan acquires an equity interest in an entity that is neither a "publicly offered security," as defined in the Plan Asset Regulation, nor a security issued by an investment company registered under the 1940 Act, the Benefit Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless, among other exceptions not relevant here, it is established that equity participation in the entity by Benefit Plan investors is not significant to the Offering or that the entity is an "operating company," in each case as defined in the Plan Asset Regulation. An Interest in the Fund will be an equity interest that is neither a publicly offered security nor a security issued by an investment company registered under the 1940 Act for purposes of the Plan Asset Regulation.

For purposes of the Plan Asset Regulation, equity participation in the Fund by Benefit Plan investors will not be considered "significant" so long as in the aggregate Benefit Plan investors hold less than 25% of the value of each class of equity interests in the Fund. For purposes of making this determination, the value of

any equity interests held by the Manager and any other Person (other than a Benefit Plan investor) who has discretionary authority or control with respect to the assets of the Fund or who provides investment advice for a fee (direct or indirect) with respect to such assets, or any Affiliate of any such Person, must be disregarded. The term "Benefit Plan investor" includes any Benefit Plan as well as any entity whose underlying assets include the assets of a Benefit Plan investor by reason of a Benefit Plan investor's investment in that entity.

If the assets of the Fund are deemed to be "plan assets" of Benefit Plans that invest in the Fund (whether because of the application of the Plan Asset Regulation or otherwise), then Subtitle A and Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code will apply to the investments made by the Fund. This will result in, among other things, (i) the Manager becoming a fiduciary of the Benefit Plans and subject to the bonding requirements of ERISA; (ii) the application of ERISA's prudence and other fiduciary standards (which impose liability on Benefit Plan fiduciaries) to investments made by the Fund, which could materially affect the operation of the Fund; (iii) the application of the disclosure obligations under Section 408(b)(2) of ERISA; (iv) potential co-fiduciary liability of Persons having investment discretion over the assets of Benefit Plans that invest in the Fund should any investments made by the Fund not conform to ERISA's prudence and fiduciary standards under Part 4 of Subtitle B of Title I of ERISA; and (v) the possibility that certain transactions that the Fund might enter into in the ordinary course of its business and operation (*e.g.*, transactions between the Fund and the Manager (or its Affiliates) or transactions between the Fund and any parties in interest or disqualified persons with respect to any Benefit Plan that is a Partner) could constitute "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code. For example, such "plan asset" treatment would subject the calculation and payment of the Management Fee to applicable prohibited transaction rules requiring that fees constitute "reasonable compensation" for services rendered and comply with certain conflict-of-interest provisions of ERISA. A prohibited transaction, in addition to imposing potential personal liability on the fiduciaries of Benefit Plans, may also result in the imposition of a civil penalty under ERISA or an excise tax under the Code on parties in interest or disqualified persons with respect to the Benefit Plans. In addition, if the Benefit Plan involved in a "prohibited transaction" is an individual retirement account or annuity ("IRA"), the IRA would lose its tax-exempt status. Since the Manager is not a registered investment adviser, other fiduciaries of the Benefit Plan would not be protected by the "investment manager" rule under section 405(d) of ERISA with respect to the investment decisions of the Manager.

There is very little authority regarding the application of ERISA and the Plan Asset Regulation to entities such as the Fund, and there can be no assurance that the U.S. Department of Labor or the courts would not take a position or promulgate additional rules or regulations that could significantly impact the "plan asset" status of the Fund.

The Manager does not intend to manage the assets of the Fund as though the assets were "plan assets" of Benefit Plan investors. It is the intent of the Manager to monitor the investments in the Fund and take actions to ensure that less than 25% of the Membership Interests or the Notes are held by Benefit Plan investors. The Manager reserves the right to reject subscriptions in whole or in part for any reason, including that the Member is a Benefit Plan investor. In the event the Manager elects to limit investment in the Fund by Benefit Plan Investors, the Manager may have the authority to restrict transfers or redemptions of Membership Units and Notes, and may require a full or partial withdrawal of any Benefit Plan investor to the extent it deems appropriate to avoid having the assets of the Fund be deemed to be plan assets of any Benefit Plan investor. A Benefit Plan investor may, in the discretion of the Manager, be permitted or required to withdraw from the Fund if it is determined by such Member, the Manager, the U.S. Department of Labor, the IRS or a court of competent jurisdiction that (i) such Benefit Plan's continued status as a Member or the conduct of the Fund will result, or there is a material likelihood that such continuation or conduct will result, in a material violation of ERISA or Section 4975 of the Code, or (ii) all or a portion the Fund's assets constitute "plan assets" of such Benefit Plan.

Governmental Plans
Government sponsored plans are not subject to the fiduciary provisions of ERISA and are also not subject to the prohibited transaction provisions under section 4975 of the Code. However, federal, state or local laws or regulations governing the investment and management of the assets of such plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and the Code discussed above and may include other limitations on permissible investments. Accordingly, fiduciaries of governmental plans, in consultation with their advisors, should consider the requirements of their respective pension codes with respect to investments in the Fund, as well as the general fiduciary considerations discussed above.

The fiduciary of each prospective governmental plan Member will be required to represent and warrant that investment in the Fund is permissible, complies in all respects with applicable law and has been duly authorized.

Representations by Benefit Plans
A Benefit Plan proposing to invest in the Fund will be required to represent that it is, and any fiduciaries responsible for the Benefit Plan's investments are:

- Aware of and understand the Fund's investment objective, policies and strategies, responsible for exercising independent judgment in evaluating the Benefit Plan's purchase, holding and disposition of equity interests in the Fund;

- Making the decision to invest plan assets in the Fund with appropriate consideration of relevant investment factors with regard to the Benefit Plan, and the decision is consistent with the applicable duties and responsibilities imposed by law with regard to the Benefit Plan's investment decisions;

- Independent of the Manager and any Affiliate of the Manager;

- Capable of evaluating investment risks independently, both in general and with regard to transactions and investment strategies of the Fund, including the Benefit Plan investor's purchase of Membership Units as contemplated in the Subscription Booklet; and,

- Understanding that none of the Fund nor the Manager, nor any director, officer, member, partner, principal, or Affiliate of the Fund or the Manager, is by having made any oral or written statement prior to the date hereof or by making any future written or oral statement regarding the Fund, undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the Benefit Plan investor's purchase, holding or disposition of Membership Units.

It is intended that the assets of the Fund will not be considered plan assets of any Benefit Plan or be subject to any fiduciary or investment restrictions that may exist under ERISA or the Code specifically applicable to such Benefit Plans. Each Benefit Plan will be required to acknowledge and agree in connection with its investment in Membership Units to the foregoing status of the Fund and the Manager and that there is no rule, regulation or requirement applicable to such Member that is inconsistent with the foregoing description of the Fund and the Manager.

Whether or not the underlying assets of the Fund are deemed "plan assets" under ERISA, an investment in the Fund by a Benefit Plan is subject to ERISA. Accordingly, any fiduciary of a Benefit Plan should consult with its legal advisor concerning the ERISA considerations discussed above and any other ERISA-related matters before purchasing an Interest in the Fund.

ERISA Risks
Any Investor that invests funds belonging to a Benefit Plan should carefully review the tax risks provisions of this PPM as well as consult with their own tax advisors. The contents hereof are not to be construed as tax, legal, or investment advice.

PROSPECTIVE BENEFIT PLAN INVESTORS ARE URGED TO CONSULT THEIR ERISA ADVISORS WITH RESPECT TO ERISA AND RELATED TAX MATTERS, AS WELL AS OTHER MATTERS AFFECTING THE BENEFIT PLAN'S INVESTMENT IN THE FUND. MOREOVER, MANY OF THE TAX ASPECTS OF THE OFFERING DISCUSSED HEREIN ARE APPLICABLE TO BENEFIT PLAN INVESTORS WHICH SHOULD ALSO BE DISCUSSED WITH QUALIFIED TAX COUNSEL BEFORE INVESTING IN THE FUND.

RISKS SPECIFIC TO MEMBERS

Risk that the Stated Value of Individual Fund Assets is Incorrectly Determined by the Manager
The Manager intends to develop, document and utilize a consistent methodology to calculate the Stated Value of each individual Fund Asset on an ongoing basis, typically calculating this Stated Value for each Fund Asset at the time of acquisition and at the end of each calendar quarter. The Manager will use methodologies that it deems reasonable based on various valuation practices commonly used in similar businesses in the industry including Broker Price Opinions ("**BPOs**"), Comparative Market Analyses ("**CMAs**"), appraisals, comparable sales of other assets similar to Fund Assets, historical data and trends from actual sales, disposition or performance of Fund Assets, cash balances (in the case of cash Assets), and other such methodologies generally used and accepted in the market. The determination of Stated Value of any given Fund Asset is highly subjective and the methodologies used to determine the Stated Value may change on an ongoing basis. There is no guarantee that any Stated Value as determined by the Manager of one or more of the Fund Assets is an accurate representation of the true current value of any Fund Asset and as such, the Unit Price may not fairly represent the then current true value of the Units. At any given time throughout the life of the Fund, the Manager's written Stated Value Methodology will be made available to the Investors upon request.

Although the Manager will use methodologies that it believes are based on reasonable approaches to establishing value, it may modify, alter or improve its methodologies in its sole discretion at any time during the life of the Fund. The Manager will make all determinations as to Stated Value of the Fund Assets in its sole discretion. There is a risk that the price charged for a Unit does not reflect its Value.
The price at which the Fund will offer Units pursuant to the Offering, and the price at which a Member will purchase additional Units pursuant to the Reinvestment Option, will fluctuate based on the collective Stated Value (see immediately above) of all the individual Fund Assets at the end of each calendar quarter. At the end of each quarter, the price of a Unit will be calculated by dividing the total Stated Value of all the Assets by the total number of outstanding Units. Because the Stated Value of any given Fund Asset may not accurately reflect its actual value, the Unit Price may not accurately reflect the actual value each Unit at any given point. Hence, the price of a Unit could be adjusted by a premium or discount at any given point in time when the Assets are sold. Members should realize that the only measure of fair market value for a Unit is the price that would be determined under a ready market for the Units. Because no ready market for the Units exists or is anticipated, a perfectly accurate determination of the fair market value of the Units cannot be established.

Units are not Liquid and There are Restrictions on Withdrawal of Member Capital
No Member will be allowed to issue a Redemption Request during the first 12-monts after the Member acquires the Member's Units. Redemption Requests for reasons of financial hardship or emergency during the Lockup Period may be considered on a case by case basis subject to a Redemption Fee equal to 5% of the then-prevailing Unit Price. The Manager shall have no obligation to consider any hardship Redemption Requests during the Lockup Period and shall be entitled to charge a higher or lower Redemption Fee as the Manager deems appropriate. All Redemption Fees charged and collected will be considered Fund Income.

After the Lockup Period, Redemption Requests will be considered on a first come, first serve basis. A Member shall be required to provide the Manager 60 days' notice for any Redemption Request and any

Redemption provided will be done only as of the first day of the calendar quarter immediately following the end of the 60-day notice period at the then current Unit Price as determined by the Manager.

The Manager will have no obligation to grant any Redemption Request and will retain sole discretion as to whether to redeem any Unit. No Member will be given priority for Redemption over any other Member for any reason other than the date upon which the request was made. The Manager may redeem Membership Units Pari Passu at any time at the then current Unit Price in its sole discretion without penalty to the Manager or the Fund.

Due to the above restrictions, including the Manager's ability to reject any Redemption Request in its discretion, even after the Lockup Period, there is no assurance that a Member will be permitted to redeem any of the Member's Units at any time. As a result, a Member may be required to maintain the Member's investment indefinitely.

Restrictions on Transfer of Units May Require Members to Hold Their Units Indefinitely
The Units are restricted as to transfer under the state and federal tax and securities laws. Members will not be free to sell or transfer Units without consent from the Manager, which the Manager may withhold in its discretion. Members will also not be able to pledge their Units as collateral for any debt without consent from the Manager.

There is no market for the Units, public or private, and there is no likelihood that one will ever develop. Members must be prepared to hold their Units as a long-term investment and should not anticipate being permitted to transfer their Units. To comply with applicable tax and securities laws, the Manager may refuse advice to consent to a transfer or assignment of Units.

Members May Not Control the Fund and Have Limited Voting Rights
No Member can exercise control over the Fund's affairs, which is entirely in the hands of the Manager. Voting by the Members is provided in a limited number of specific situations. However, Members have the right to:

- Remove the Manager for cause upon a two-thirds vote of the outstanding Units and, in such event, elect a new manager or dissolve the Fund upon a Majority vote; and

- Call for a meeting of Members upon a Majority vote.

Federal Income Tax Risks
As with any investment that generates income and/or loss and distributes cash, an investment in the Fund has Federal Income Tax Risks. The significant tax risks are discussed in greater detail later in this PPM. All Investors are encouraged to review the tax risk section with competent tax counsel. This discussion does not constitute tax advice and is not intended to substitute for tax planning.

Investors should understand the role of the Fund and the IRS concerning the tax issues involved in any investment in the Fund. The IRS may do any of the following:

- Examine the investment in the Fund at the Member level at any time, subject to applicable statute of limitations restrictions. Such an examination could result in adjustments of items that are both related and unrelated to the Fund.

- Review the federal income taxation rules involving the Fund and any investment in it, and issue revised interpretations of established concepts.

- Scrutinize the proper application of tax laws to the Fund, including a comprehensive audit of the Fund at any time. The Fund does not expect to fall under the reporting requirements for tax shelters, as the Fund does not have the avoidance or evasion of federal income tax as a significant purpose.

If the Fund borrows significant sums and incurs significant losses, however, the Fund may be required to notify the IRS of its status as a tax shelter. The effect of such action is generally unknown but could result in increased IRS scrutiny of the Fund's taxes.

The Fund will:

- Defend any investigation by the IRS or any state agency that seeks to make adverse tax adjustments to the Fund. A dispute with the IRS or a state agency could also result in legal and accounting costs to individual Members directly (if the IRS audits a Member's tax return) and indirectly (if the IRS audits the Fund's tax returns);

- Retain an accounting firm to annually prepare a financial statement on the Fund's behalf, reviewing the Manager's treatment of all Fund Income and Fund Expenses. At the discretion of the Manager, the Manager may at any time change accounting firms; and

- Not apply to the IRS for any ruling concerning the establishment or operation of the Fund.

The Fund may also, in the Manager's discretion, file composite tax returns in one or more states on behalf of the Members and withhold and pay taxes with respect to any Member, using the highest possible tax rate, which may be higher than the tax rate that should have been applied to such Member. The Fund will treat the payment as a Distribution to the extent that such Member is then entitled to receive a Distribution and, if the payment exceeds the amount of Distribution to which such Member is then entitled, such Member will be required to indemnify the Fund as provided in the Operating Agreement.

Risk that Distributed Cash May Not Flow to Members
The Fund's distribution model provides for the payment of several obligations prior to the Members receiving their Preferred Return and their share of any profits. Specifically, interest and principal on any Credit Facility, interest and principal on any Notes, Fund Expenses, Redemptions, Early Repayments, and the funding of any reserves established by the Manager, are all paid prior to any Distributions to the Members. If the Fund does not generate enough cash to satisfy all these obligations, the Members will not receive any Distributions.

Distributed Cash May Not be Sufficient to Cover the Tax Burden of a Member
So long as the Fund is a limited liability company, it will be taxed as a partnership, as described in greater detail below. Members in the Fund will therefore be allocated their share of the Fund's income, deduction, gain and loss each year. Normally, an allocation of net income or gain of the Fund to a Member will cause the taxable income of such Member who is subject to state and federal income tax to increase. Consequently, an increase in a Member's taxable income will subject that Member to an increased income tax liability. Although the Manager intends for the Fund to make Distributions to Members in the amounts necessary to cover their tax liabilities associated with the Fund, there is no assurance that the Fund will have sufficient capital to make such Distributions. In this case, Members would have to satisfy their income tax liabilities associated with the Fund with their own cash.

Members need to be aware that the cash distributed to a Member may not be sufficient to satisfy the income tax liability attributed to the Member's allocable share of the Fund income and gain. Hence, the Member may be forced to either borrow or use cash from another source to satisfy their income tax liabilities associated with an investment in the Fund.

Loss of Limited Liability in Certain Cases
In general, holders of units in a limited liability company are not liable for the debts and obligations of a limited liability company beyond the amount of the capital contributions they have made or are required to make under their subscription agreement. Under the Delaware Limited Liability Fund Act, members of a limited liability company would be held personally liable for any act, debt, obligation, or liability of a limited liability company to the extent that shareholders of a business corporation would be liable in similar

circumstances. In this regard, the court may consider the factors and policies set forth in established case law with regard to piercing the entity veil, except that the failure to hold meetings may not be considered a factor tending to establish that the members have personal liability for any act, debt, obligation, or liability of the limited liability company if the certificate of formation and limited liability company agreement do not expressly require the holding of meetings of members and managers. The Manager intends to act to avoid personal liability on its Members by complying with the Operating Agreement and applicable state-imposed formalities.

Investors Could Realize Losses on Dissolution of the Fund because of Prior Payments to Creditors
In the event of a dissolution of the Fund, the proceeds realized from the liquidation of Assets, if any, will be distributed to the Members, but only after the satisfaction of claims of creditors, which include any Credit Facilities, the Notes, and Fund Expenses (including fees and costs incurred in dissolving the Fund and liquidating its Assets). Accordingly, the ability of a Member to recover all or any portion of its investment in the Fund under such circumstances will depend on the amount of funds so realized and claims to be satisfied therefrom. There is no guarantee of a return of any of a Member's investment.

Debt Risk
In this Offering we are offering Investors the opportunity to purchase Units or Notes. Priority will be given with respect to distributions of cash to the payment of interest on the Notes, and as applicable, principal as such Notes mature. If the Fund does not have sufficient cash available to make distributions with respect to the Units and pay its obligations with respect to the Notes, payments on the Note obligations will be given priority and may result in a decrease of the amount available for distribution to Members. If the Fund decides to use a Credit Facility, the priority of Member Distributions will be even further subordinated, and risk of non-payment increased.

Risk of Investment Procedure
As described in this PPM and the Member Subscription Booklet, the Fund generally accepts investments on a quarterly basis. Any Capital Contribution made to the Fund by an Investor will initially be deposited in a Subscription Account, and the investment will not be effective until the beginning of the next calendar quarter if the Manager elects to accept the Investor's subscription and transfer the Investor's funds from the Subscription Account to the Operating Account. Investors will not earn any interest on funds held in the Subscription Account. The Fund is permitted to borrow any funds from prospective Investors held in the Subscription Account, without the Investor's approval, at an interest rate of 7% per annum, which will principal and interest will later be exchanged for Units when the investment is effective.

Investors do not have any control over whether the Fund borrows funds from the Subscription Account. Borrowed funds will accrue interest at 7% per annum but will not be subject to any other terms or conditions. Also, if the Fund borrows a portion of an Investor's subscription and then exchanges the borrowed funds for Units, but rejects the rest of the Investor's subscription, the Investor may end up with a significantly smaller investment in the Fund than anticipated.

RISKS SPECIFIC TO NOTE HOLDERS

Risk that the Notes will not be Paid at Maturity
The Notes are not due and payable by the Fund upon their maturity. Instead, Note Holders are required to provide a Cash-Out Notice at least 60 days prior to the maturity dates of their Notes or the dates thereafter that they wish to have their Notes repaid by the Fund. If a Note Holder does not provide a Cash-Out Notice at least 60 days prior to the maturity date of the Note Holder's Note, then the Note Holder's Note will automatically extend on the maturity date of the Note Holder's Note at the Note Rate less 1% until either (i) the Note Holder notifies the Fund that it wishes for the outstanding balance of the Note Holder's Note to be rolled over into a new Note, at an interest rate based on the then current Note Schedule, and such new Note is executed, or (ii) 60 days after the Note Holder provides a Cash-Out Notice with respect to the Note Holder's Note. Additionally, the Fund may extend repayment of a Note for an additional 90 days beyond

the date required for repayment under the Cash-Out Notice by continuing to make interest payments to the Note Holder on a monthly basis at the existing Note Rate plus 1%. Investors in Notes must anticipate holding their Notes for at least 90 days beyond their maturity. Even then, the Fund's ability to repay the Notes is subject to the Fund having available cash to make such repayments.

Notes are not Liquid
An investment in the Notes is intended as an illiquid investment, and Notes are only repurchased or repayable prior to their maturity date upon the written consent of the Manager, which may be withheld in its sole discretion. An Early Repayment Fee in an amount equal to 5%, or other such amount as determined by the Manager, of the original principal balance of the Note, plus an amount equal to the interest rate differential between the original interest stated on the Note and the interest allocable to the shortened holding period, will be charged for any Notes repurchased early.

Restrictions on Transfer
Note Holders will not be free to sell or transfer Notes without written consent from the Manager which may be withheld in its sole discretion. There is no market for the Notes, public or private, and there is no likelihood that one will ever develop. Note Holders must be prepared to hold their Notes to the maturity date, or beyond, and as a long-term investment. To comply with applicable tax and securities laws, the Manager, in its sole discretion, may refuse to consent to a transfer or assignment of Notes.

Pari Passu Intercreditor Interests; Note Holder Representative
The respective interests of each Note Holder in and to any payments made by the Fund in respect of the Notes, the collateral securing the Notes, and any collections in connection with the foreclosure of such collateral will be Pari Passu and no Note Holder will have any priority over the other; provided further, that any such payments, collateral, or collections received by any Note Holder, other than such payments, collateral, or collections that are received by all Note Holders on a pro rata basis, will be paid by such Note Holder to the Representative, to be held in trust for the benefit of all Note Holders.

The Representative will initially be the Manager, and the Manager will retain the right to select and appoint successor Representatives. The Representative will have the authority to sign all documents and take any action necessary to protect each Note Holder's Pari Passu rights in the collateral securing the Notes. This means the Representative will be the only party with the authority to take any enforcement action with respect to the Notes, foreclose or take any other action to realize upon the Notes or the collateral, institute any action or proceeding to collect or enforce the Notes, commence or cause to be commenced any bankruptcy or similar proceeding against the Fund or commence or exercise any other right to remedy against the Fund. The Note Holder will execute the Intercreditor Agreement as part of the documents, prior to acceptance by the Manager.

The Manager has interests that differ from the Note Holders, including the Manager's interest in the Management Fee and its 25% share of Distributable Cash after payment of the Preferred Return. In addition, the Manager and its Affiliates may receive fees for other services provide to or on behalf of the Fund. Because of these interests, the Manager may make decisions with respect to the Notes that differ from what a Note Holder would decide is in the Note Holder's best interest.

Note Holders Have No Right to Vote or to be Involved in Management
Note Holders cannot exercise any control over the Fund's affairs and will not have any vote or influence over the Fund, its investment policies, or any of its operations. The Manager will exercise complete control over the Fund, subject to those limited items which the Members will be entitled to a vote as detailed in the Operating Agreement. The Manager has broad investment authority and may change its investment and underwriting policies (within the confines of its overall investment strategy) in its sole discretion, consistent with the duties it owes to all the Note Holders. Because the Note Holders will have no rights with respect to the Fund's management and affairs, Note Holders must rely entirely on the Manager to make the Fund profitable enough to be able to pay off amounts due under the Notes.

Power of Attorney
Pursuant to the Intercreditor Agreement and the Notes Subscription Agreement, the Note Holder appoints the Manager as the initial Representative, and any successor Representative, as determined by the Manager, as its true and lawful representative and attorney-in-fact in such Note Holder's name, place and stead to make, execute, sign, acknowledge, file and record all instruments, agreements, or documents as may be necessary or advisable to reflect the exercise by the Representative of any of the powers granted to it under the Notes Subscription Agreement and the Intercreditor Agreement.

The Note Holder will further authorize the Representative to take any further action which the Representative will consider necessary or advisable in connection with any of the foregoing, giving the Representative full power and authority to do and perform each and every act or thing whatsoever requisite to be done in and about the foregoing as fully as such Note Holder might or could do if personally present. The Note Holder will be bound by any representation made by the Representative acting in good faith pursuant to such power of attorney, and the Note Holder will waive all defenses which may be available to contest, negate or disaffirm the action of the Representative taken in good faith pursuant to such power of attorney.

Federal Income Tax Risks
As with any investment that generates income and/or loss and distributes cash, an investment in Notes in the Fund has federal income tax risks. The significant tax risks are discussed in greater detail later in this PPM. All Investors are encouraged to review the tax risk section with competent tax counsel.

Investors should understand the role of the Fund and the IRS concerning the tax issues involved in any investment in the Fund. The IRS may do any of the following:

- Examine the investment in the Fund at the Note Holder level at any time, subject to applicable statute of limitations restrictions. Such an examination could result in adjustments of items that are both related and unrelated to the Fund.

- Review the federal income taxation rules involving the Fund and any investment in it, and issue revised interpretations of established concepts.

- Scrutinize the proper application of tax laws to the Fund, including a comprehensive audit of the Fund at any time. The Fund does not expect to fall under the reporting requirements for tax shelters, as the Fund does not have the avoidance or evasion of Federal income tax as a significant purpose. If the Fund borrows significant sums and incurs significant losses, however, the Fund may be required to notify the IRS of its status as a tax shelter. The effect of such action is generally unknown but could result in increased IRS scrutiny of the Fund's taxes.

The Fund will:

- Defend any investigation by the IRS or any state agency that seeks to make adverse tax adjustments to the Fund. A dispute with the IRS or a state agency could also result in legal and accounting costs to individual Note Holders directly (if the IRS audits a Note Holder's tax return);

- Retain an accounting firm to annually prepare a financial statement on the Fund's behalf. At the discretion of the Manager, the Manager may at any time change accounting firms; and

- Not apply to the IRS for any ruling concerning the establishment or operation of the Fund.

The Notes are Junior to Credit Facilities and Other Payments
The Fund may enter into Credit Facilities that are senior in preference to the Notes. In addition, the Fund will pay Fund Expenses prior to paying any interest or principal on the Notes. As such, Note Holders will not receive any payments on their notes until the Fund has satisfied any payments due under Credit Facilities

and paid Fund Expenses. If the Fund does not have enough funds to satisfy these obligations, the Note Holders will not receive any payments on the Notes.

Risk of Investment Procedure

As described in this PPM and the Note Holder Subscription Booklet, an Investor that wishes to purchase a Note must complete a Notes Subscription Agreement and the other documents included in the Note Holder Subscription Booklet, either online or in hard copy, and deliver the purchase price of the Note to the Manager. Upon completion of the subscription process and receipt of the Investor's payment, the Fund will deposit the Note purchase price into the Fund's Subscription Account and hold it there until the Fund is ready to deploy the proceeds of the Note. The purchase of a Note only becomes effective as of the date upon which the Fund accepts the Investor's Note Holder Subscription Booklet and transfers the Investor's funds into the Fund's Operating Account. Investor funds deposited with the Fund earn no interest while held in the Fund's Subscription Account. Once the funds are transferred to the Fund's Operating Account, the Fund will provide the Investor a Note incorporating the applicable Note Rate from the then-current Note Schedule.

There is no assurance that the Manager will accept the Investor's investment, and funds may remain in the Subscription Account, where they will not accrue interest, for successive quarters if the Manager determines the Fund is not ready to deploy the proceeds of the Note.

CONFLICTS OF INTEREST

The Fund is subject to various conflicts of interest arising out of its relationships with the Manager, its Affiliates, and its principals. No agreements or other arrangements, including those relating to compensation, between the Fund and the Manager or its Affiliates or principals were the result of arm's-length negotiations. Some of the potential conflicts of interest relating to the Fund's business include, without limitation, the following:

Terms Established by the Manager

The terms of the Fund and the relationship between the Manager and the Members have been determined independently and arbitrarily by the Manager. As a result, there can be no assurance that these terms are as favorable to the Fund and the Members as could be obtained from an unaffiliated party or as the result of arm's-length negotiations.

Fees and Other Compensation

The payment of the Management Fee and the other fees described herein to the Manager and its Affiliates may incentivize the Manager to make, manage, hold, capitalize, finance, or divest Assets, or take or fail to take other actions on behalf of the Fund in a manner that the Manager would otherwise not in the absence of such incentives, which may adversely affect the Fund's return for Investors.

Additionally, where the Manager will be compensated from Distributions of Distributable Cash the Manager may be motivated to operate the Fund or the Assets in a manner to generate more net cash for Distribution to itself, to the detriment of the Fund and the Investors.

The Manager may also be incentivized to cause the Fund or entities that hold Assets to engage the Manager or Affiliates to provide services in exchange for compensation, even where such services could be obtained from the third-parties at a lower cost, which may adversely affect the Fund's return for Investors.

Affiliation with Others

The Manager and its Affiliates engage in a broad spectrum of real estate and other investment activities that are independent from the Fund. The Manager and its Affiliates have formed and intend to form other entities in which they act or will act as general partners, managers, and contractors, some of which have or may have the same market and same investment objectives as the Fund, and own or may own property similar to, and in competition with, the Fund. There is no requirement that the Manager bring a particular investment opportunity to the Fund before taking that opportunity for the Manager's own account, any Other Funds, or any other Persons.

The Fund may, in the Manager's sole discretion, (i) lend money to, take a security interest in, or otherwise invest in any Asset or entity that holds an Asset that is owned or invested in by any Other Fund, the Manager, or any Affiliate of the Manager, (ii) guarantee the debt obligations of any entity that holds an Asset, (iii) purchase any Asset from any Other Fund, the Manager, or any Affiliate of the Manager, (iv) co-invest in any Asset alongside any Other Fund, the Manager, or any Affiliate of the Manager, (v) issue interests in any entity that holds an Asset in exchange for cash or in-kind contributions, services, or other types of consideration, (vi) sell any Asset to any Other Fund, the Manager, or any Affiliate of the Manager, or (vii) give or refuse to give Affiliates, Members, and other Persons, including the Manager or any Other Funds, the opportunity to co-invest in Assets alongside the Fund. In such event the terms may not be the result of arm's-length negotiations because the Manager may be simultaneously acting on behalf of the Fund and the other Persons (including, without limitation, itself, Other Funds, Members, or Affiliates of the Manager). The Manager is not obligated to ensure that the terms of any Asset favor the interests of the Investors or to have any Asset by the Fund reviewed and approved by any disinterested Persons.

Management and Liability

The Manager and its Affiliates believe that they have sufficient staff personnel to be fully capable of discharging their responsibilities to the Fund and to any future entities which they may form. The Fund will not have independent management, and will rely on the Manager for the operation of the Fund. The Manager and its Affiliates will devote only so much of their time to the business of the Fund as in their judgment is reasonably required. The Manager and its Affiliates have conflicts of interest in allocating management time, services, and functions between the Fund and these other entities, as well as other business ventures in which the Manager or its affiliates may be involved. Liabilities incurred by the Manager in other ventures could adversely affect its ability to meet its obligations to the Fund.

No Separate Representation

Documents relating to the Fund, including the Subscription Agreements, will be detailed and often technical in nature. The law firm engaged by the Manager in connection with the formation of the Fund, the Offering, and the preparation of the Fund's Offering documents (the "**Law Firm**") will represent the interests solely of the Manager, and will not represent the interests of any Investor. No independent counsel has been retained by the Manager or the Investors to represent any Investor, and the Law Firm disclaims any fiduciary or attorney-client relationship with the Investors. Investors should obtain the advice of their own counsel regarding legal matters. The Law Firm does not investigate or verify the accuracy and completeness of information set forth in this PPM concerning the Fund, the Manager or any Affiliates, their personnel, or their prior performance. Although the Manager consults with the Law Firm from time to time, the Law Firm does not undertake to monitor compliance by the Manager and its Affiliates with the investment program and other investment guidelines and procedures, and compliance matters set forth in this PPM, nor does the Law Firm monitor compliance by the Fund, the Manager and/or their Affiliates with applicable laws, unless in each case the Law Firm has been specifically retained to do so. In advising as to matters of law (including matters of law described in this PPM), the Law Firm has relied, and will rely, upon representations of fact made by the Manager and other Persons in this PPM and other documents. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and the Law Firm generally will not undertake independent investigation with regard to such representations.

Tax Matters

The Manager will act as "Partnership Representative" in accordance with applicable provisions of the Code and regulations promulgated thereunder pursuant to the terms of the Operating Agreement. Therefore, situations may arise in which the Manager may act on behalf of the Fund in administrative and judicial proceedings involving the IRS or other enforcement authorities. Such proceedings may involve or affect other entities for which the Manager or its Affiliates act as managers, general partners, or contractors. In such situations, the positions taken by the Manager may have differing effects on the Fund and such other Persons. Any decisions made by the Manager as the Partnership Representative of the Fund will be made in good faith and in a manner the Manager reasonably believes to be in the best interests of the Fund and its Members. However, due to differing interests of the Manager and other Members, the decision of the Manager in any audit of the Fund by the IRS may be in conflict with the action or decision desired by one or more Members.

The Manager as the Note Holder Representative

Pursuant to the Intercreditor Agreement each Note Holder appoints the Manager as the initial Note Holder Representative, and any successor Representative as determined by the Manager, as the Note Holder's true and lawful representative and attorney-in-fact to sign all documents and take any action necessary to protect each Note Holder's rights in the security interest in the Fund Assets granted to the Note Holder as collateral for the Fund's obligations under the Note.

The Note Holders will have very limited rights under the Intercreditor Agreement to direct the Note Representative to take any particular action on their behalf in the event of a default of the Fund's obligations under the Notes. As a result of this relationship, there may be conflicts of interest as between the Fund or the Note Holders on one hand, and the Manager as the Note Holder Representative on the other hand.

Allocation of Management Resources

Although the Manager, its Affiliates, and its principals will devote the time reasonably required to carry out the business and affairs of the Fund, the Manager, its Affiliates, and its principals will also continue to engage in other business activities, including, without limitation, the Other Funds, as discussed in more detail in this PPM. The Fund will compete with the Other Funds for the time and attention of the Manager, its Affiliates, and its principals. Accordingly, conflicts of interest may arise in the allocation of the resources of the Manager, its Affiliates, or its principals as between the Fund and their other business activities.

Diverse Investors

Investors in the Fund may include Persons organized in various jurisdictions that may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of Investors may relate to or arise from, among other things, the nature of an Asset, the structuring of the acquisition of an Asset, and the timing of divestment of any Asset. The structuring of any investment in an Asset may result in different returns being realized by different Investors. In structuring the Fund's investments in Assets, the Manager will consider the investment and tax objectives of the Fund as a whole, not the investment, tax or other objectives of any Investor individually.

Limited Fiduciary Duties

Conflicts may arise between the interests of the Manager and those of the Members. Although the Manager is accountable to the Fund as a fiduciary, the Operating Agreement grants the Manager broad discretion as to many matters and limits the Manager's fiduciary duties.

TAX ASPECTS OF THE OFFERING

Tax Aspects – Note Holders

The following is a general discussion of certain material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by initial holders of the Notes who purchase the Notes at their issue price and hold the Notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address all of the tax considerations that may be relevant to holders in light of their particular circumstances or to holders subject to special rules under U.S. federal income tax laws, such as certain financial institutions, banks, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities, traders in securities, tax-exempt entities, certain former citizens or residents of the U.S., holders who hold the Notes as part of a "straddle," "hedging," "conversion," or other integrated transaction, holders who mark their securities to market for U.S. federal income tax purposes or holders whose functional currency is not the U.S. dollar. This discussion does not address the effect of any state, local, or foreign tax laws or any U.S. federal estate, gift, or alternative minimum tax considerations. If an entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of such partnership and its partners will generally depend upon the status and activities of the partnership and its partners. A Note Holder that is treated as a partnership for U.S. federal income tax purposes should consult its own tax adviser regarding the U.S. federal income tax considerations to it and its partners of the purchase, ownership and disposition of the Notes.

The following discussion is based on the Code, the Treasury Regulations promulgated thereunder and administrative and judicial pronouncements, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect.

While the Manager has set forth in this PPM what it believes to be the material tax risks associated with an investment in the Notes, Note Holders should not interpret references to certain specific tax issues as a representation that the matters referred to are the only tax risks involved in this investment, nor should Note Holders assume that the reference to tax risks means that the magnitude of the risks is equal.

Nothing in this PPM is intended as a substitute for individual tax planning. It is impractical to discuss all tax consequences of federal, state, and local law of an investment. The tax consequences of investing in the Notes may differ materially, depending on whether the Note Holder is an individual taxpayer, corporation, trust, partnership, or tax-exempt identity.

PROSPECTIVE NOTE HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THESE AND OTHER TAX MATTERS.

Certain U.S. Federal Income Tax Consequences to U.S. Holders

The following discussion applies to the Note Holder only if the Note Holder is a U.S. Holder of Notes. As used in this discussion, the term "U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

Payments of Interest
Stated interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Sale, Exchange, Repayment, or Other Taxable Disposition of Notes
Upon the sale, exchange, repayment, or other taxable disposition of the Notes, Note Holders will recognize taxable gain or loss equal to the difference, if any, between the amounts realized upon the sale, exchange, repayment, or other taxable disposition and the Note Holder's adjusted tax basis in the Notes. The Note Holder's adjusted tax basis in the Notes generally will be the Note Holder's cost for the Notes, less any principal payments received.

Any gain or loss recognized on the sale, exchange, or retirement of the Notes generally will be capital gain or loss. Such gain or loss will be long-term capital gain or loss if the Notes have been held for more than 12 months prior to the sale, exchange or retirement. The maximum individual income tax rate for long-term capital gains currently is 20% plus the 3.8% tax on net investment income. The deductibility of capital losses is subject to limitation. To the extent that the amount realized represents accrued but unpaid interest, that amount must be taken into account as interest income if it was not previously included in the Note Holder's income.

Backup Withholding and Information Reporting
Interest paid or accrued on the Notes and the proceeds received from a sale, exchange, or other disposition (including retirement at the maturity date or Early Repayment of the Notes) will generally be subject to information reporting if the Note Holder is not an exempt recipient (such as a domestic corporation) and may also be subject to backup withholding at the rates specified in the Code if the Note Holder fails to provide certain identifying information (such as an accurate taxpayer identification number on IRS Form W-9 if the Note Holder is a U.S. Holder) and meet certain other conditions.

State and Local Taxation
In addition to the United States federal income tax considerations described above, prospective Note Holders should consider the potential state and local tax consequences of an investment in the Notes. In addition to being taxed and subject to tax filing obligations in its own state or locality of residence or domicile, a Note Holder may be subject to tax filing obligations and income, franchise, and other taxes in jurisdictions in which the Fund conducts its activities. Although no assurances can be provided, the Manager intends for the Fund to conduct its activities in such a manner that it will not cause Note Holders who are not otherwise subject to taxation in states other than their state of residence, to be taxed and subject to tax filing obligations in other states solely because of an investment in the Notes. The Fund itself may also become subject to tax in certain jurisdictions. This discussion does not purport to discuss the state and local tax consequences of an investment in the Notes.

Certain US Federal Income Tax Consequences to Non-U.S. Holders
As used in this discussion, the term "Non-U.S. Holder" means a beneficial owner of a Note that is:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

Payments of Interest
Interest paid on a Note generally will not be subject to U.S. federal income or withholding tax, provided that the Non-U.S. Holder:

- is not engaged in a U.S. trade or business to which the interest income is effectively connected;

- does not own, actually or constructively, 10% or more of the capital or profits interests in the Fund;

- is not a controlled foreign corporation related, directly or indirectly, to the Fund; and

- either (1) provides its name and address on an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable form) and certifies, under penalties of perjury, that it is not a U.S. person as defined under the Code or (2) holds the Notes through certain foreign intermediaries and satisfies the certification requirements of applicable Treasury regulations.

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest (including original issue discount, if any) generally will be subject to the 30% U.S. federal withholding tax, unless the Non-U.S. Holder provides a properly executed (1) IRS Form W-8BEN or IRS Form W-8BEN-E claiming an exemption from or reduction in withholding under the benefit of an applicable tax treaty or (2) IRS Form W-8ECI stating that interest paid on the Note is not subject to withholding tax because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States.

If the interest income (including original issue discount, if any) is effectively connected to a Non-U.S. Holder's trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment in the United States) and if such Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or other applicable form) the Non-U.S. Holder generally will be taxed in the same manner as a U.S. Holder (see "Tax Consequences to U.S. Holders-Payments of Interest" above). Each Non-U.S. Holder is urged to consult its own tax adviser regarding whether an applicable income tax treaty provides for a different result and regarding other U.S. tax consequences of the ownership and disposition of Notes, including the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate) on its effectively connected earnings and profits attributable to its Notes if the Non-U.S. Holder is a corporation.

Sale, Exchange, Redemption, Retirement, or Other Taxable Disposition of Notes

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain recognized on a sale, exchange, redemption, retirement or other taxable disposition of a Note (other than with respect to amounts attributable to accrued interest, including original issue discount, if any, which will be subject to tax in the manner described above), unless:

- the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States (and attributable to a permanent establishment in the United States if required by an applicable income tax treaty); or

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met.

A Non-U.S. Holder described in the first bullet point above will be taxed in the same manner as a U.S. Holder (see "Tax Consequences to U.S. Holders" above) on the net gain derived from the sale or other taxable disposition. If such Non-U.S. Holder is a foreign corporation, it may also be required to pay a branch profits tax at a 30% rate or a lower rate if so specified by an applicable income tax treaty.

A Non-U.S. Holder described in the second bullet point above will be subject to a flat 30% U.S. federal income tax on the gain derived from the sale or other taxable disposition, which may be offset by U.S. source capital losses.

FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), the relevant withholding agent is required to withhold tax at a rate of 30% on interest on the Notes and the gross proceeds of a disposition of the Notes paid to a foreign financial institution or a non-financial foreign entity that is the beneficial owner of the payment, unless the foreign financial institution or other foreign entity provides a properly executed Internal

Revenue Service Form W-8BEN-E to the withholding agent. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Persons considering the purchase of Notes should consult their own tax advisors to determine whether FATCA is relevant to their purchase, ownership, and disposition of the Notes.

NON-U.S. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING ALL ASPECTS OF AN INVESTMENT IN THE FUND.

Tax Aspects – Members

Set forth below is a general discussion of certain material federal income tax consequences relating to an investment in the Units. This summary does not attempt to present all aspects of the federal income tax laws or any state, local, or foreign laws that may affect an investment in the Fund, nor is it intended to be applicable to all Investors, some of which, such as Investors subject to the alternative minimum tax, financial institutions, dealers, and other Investors that do not hold their Units as capital assets, insurance companies, and foreign Person, may be subject to special rules. No ruling has been or will be requested from the IRS and no assurance can be given that the IRS will agree with the tax consequences described in this summary. Each prospective Member should consult with its own tax adviser to fully understand the federal, state, local, and foreign income tax consequences of an investment in the Fund. This summary does not constitute tax advice and is not intended to substitute for tax planning.

As used herein, the term "U.S. Member" means a beneficial owner of a Membership Unit in the Fund which is a "U.S. person" for federal income tax purposes. A "U.S. person" for federal income tax purposes is: (i) an individual who is a citizen of the United States or a resident of the United States; (ii) a corporation (or other entity taxable as a corporation) that is created or organized in or under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate the income of which is subject to federal income taxation regardless of its source; or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States Persons have the authority to control all substantial decisions of the trust, or (b) has a valid election in effect under the applicable regulations to be treated as a U.S. person. A "Non-U.S. Member" is a beneficial owner of a Unit that is not a U.S. Member.

A partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holding a Unit should consult its own tax advisor because the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. This discussion does not constitute tax advice and is not intended to substitute for tax planning.

Fund Tax Status

It is intended that the Fund will be classified and reported as a partnership for federal income tax purposes, and that the Fund will not be treated as a "publicly traded partnership." An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a "publicly traded partnership," unless the partnership meets certain passive income tests under Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code"). The Manager intends to operate the Fund so it will not be treated as a publicly traded partnership. These measures will include the Manager having the absolute right to deny transfers of Units unless a safe harbor is clearly available, determine in the Manager's sole discretion, permitting such transfer. In addition, the Manager intends for the Fund to obtain and rely on appropriate representations and undertakings from each Member so that the Fund is not treated as a publicly traded partnership.

The following discussion assumes that the Fund will be treated as a partnership for federal income tax purposes.

The Manager may, in its sole discretion, establish parallel, feeder, or alternative entities such as partnerships, corporate subsidiaries, or other investment vehicles to address the tax, regulatory, or other concerns of certain Investors. In addition, the Manager may also, in its sole discretion, reorganize the Fund

into a master-feeder structure. Any Investor reviewing this discussion should seek advice based on such Investor's particular circumstances from an independent tax advisor.

Taxation of U.S. Members

As a partnership, the Fund generally will not be subject to federal income tax. Instead, for federal income tax purposes, each U.S. Member will be required to consider its distributive share of all items of the Fund's income, gain, loss, deduction, and credit for the Fund's taxable year ending within or with the U.S. Member's taxable year. Each item generally will have the same character and source (either U.S. or foreign) as though the U.S. Member had realized the item directly.

A U.S. Member will be required to include in income for federal income tax purposes its share of the Fund's income or gain regardless of whether the Fund makes any Distribution to such U.S. Member. Therefore, each U.S. Member should be aware that the tax liability associated with an equity interest in the Fund may exceed (perhaps to a substantial extent) the cash distributed to that U.S. Member during a taxable year, and a U.S. Member may have to utilize cash from other sources to satisfy a tax liability attributable to a Unit.

The Operating Agreement provides that the Manager will allocate any item of Fund income, gain, loss, deduction, or credit in a manner that reflects the difference between a U.S. Member's Capital Account balance and the amount such U.S. Member has received or is entitled to receive from the Fund, whether in the current year or in future years. Under Section 704 of the Code, a U.S. Member's distributive share of any item of Fund income, gain, loss, deduction, or credit of the Fund will be governed by the Operating Agreement unless the allocation provided by the Operating Agreement does not have substantial economic effect or is not otherwise in accordance with the Members' interests in the Fund.

If a U.S. Member withdraws all or part of its investment in the Fund during a fiscal year, the Manager, in its exclusive discretion, may elect to allocate taxable income or tax loss first to such U.S. Member's capital account in that fiscal year, to the extent that such U.S. Member's investment in the Fund differs from such U.S. Member's adjusted tax basis in such Unit immediately prior to such withdrawal, or tax loss first to a fully withdrawing U.S. Member to the extent such U.S. Member's adjusted tax basis in such Unit exceeds such U.S. Member's capital account balance.

The Operating Agreement allows the Manager to allocate to a withdrawing U.S. Member income, expense, gain, loss, or deduction equal to the difference between that U.S. Member's capital account balance at the time of the withdrawal and the adjusted tax basis for its Interest at that time. To the extent such special allocations are made, the withdrawing U.S. Member may be allocated income, expense, gain, or loss from the Fund's activities in the year in which the withdrawal is effective, rather than recognizing that amount as part of its capital gain or loss in the year in which the payment for the withdrawal is received. This could result in some acceleration of taxable income if the withdrawal is close to the end of a taxable year and could also result in the withdrawing U.S. Member being taxed at ordinary income rates on some or all the amounts that would otherwise be taxed at favorable long-term capital gain rates. Furthermore, the IRS may challenge such an allocation as being without "substantial economic effect" and not in accordance with U.S. Members' Units. If such a challenge were successful, the remaining U.S. Members could be considered to have underreported income and gains for the year for which the allocation was made and the Fund and those U.S. Members could be subject to additional taxes as well as interest and penalties.

Although the allocation provisions of the Operating Agreement will not satisfy all the safe harbor requirements provided for by applicable Treasury Regulations, the Manager believes that such provisions should govern the allocation of Fund items to the U.S. Members because such provisions are consistent with the U.S. Members' respective interests in the Fund (considering all facts and circumstances). Notwithstanding the foregoing, no assurance can be given that the allocations will be upheld if challenged by the IRS. A successful challenge by the IRS could result in a U.S. Member recognizing a larger amount of gain or income or smaller amount of loss or deduction than it would have recognized under the allocation provisions in the Operating Agreement.

Nature of Income Derived by the Fund
The Fund expects generally to recognize ordinary income in connection with its transactions but may also recognize either or both long-term and short-term capital gains. It is also possible that the Fund will recognize capital losses for federal income tax purposes, the deductibility of which may be limited.

The Fund may invest (i) in certain securities, such as original issue discount obligations, preferred stock with redemption or repayment premiums, certain foreign corporations, or equity in other entities treated as transparent for tax purposes or (ii) engage in transactions such as debt restructurings or foreclosures that could cause the Fund, and consequently the Investors, to recognize taxable income without receiving any cash. Thus, taxable income allocated to a U.S. Member may exceed cash Distributions, if any, made to such U.S. Member, in which case such U.S. Member would have to satisfy tax liabilities arising from an investment in the Fund from its own funds.

Original Issue Discount
Certain loans acquired by the Fund may be treated as having "original issue discount" ("OID") for U.S. federal income tax purposes. A loan will be treated as having OID if the loan's stated redemption price at maturity exceeds its issue price by more than a statutory *de minimis* amount. In the case of any loan treated as having OID, the holder would be required to accrue a portion of the OID daily as interest income even though receipt of the corresponding cash payment is deferred and regardless of the Member's method of accounting.

Market Discount Loans
The Fund may acquire certain loans at a "market discount" ("Market Discount Loans"). A loan acquired after its original issuance will generally be treated as a Market Discount Loan if the stated redemption price of the loan at maturity (or its adjusted issue price in the case of an obligation that was issued with OID) exceeds the holder's basis for the loan immediately after its acquisition by more than a statutory de minimis amount. In general, any gain recognized on the maturity or disposition of a Market Discount Loan will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Market Discount Loan. Alternatively, the holder may elect to ratably include market discount in income during the period that such holder holds the Market Discount Loan. Market discount accrues on a straight-line basis unless the holder elects to accrue such discount on a constant yield to maturity basis. If the Fund does not elect to include market discount in income currently, it generally will be required to defer deductions for interest on borrowings allocable to such Market Discount Loan in an amount not exceeding the accrued market discount on such Market Discount Loan until the maturity or disposition of such Market Discount Loan.

Upon the sale of property by the Fund, the Fund will recognize a gain or loss in an amount equal to the difference between the amount realized and the Fund's tax basis in the property sold. The gains or losses realized by the Fund from the sale or other disposition of property generally would be treated as capital gains or losses, subject to certain rules some of which are discussed above. However, if the Fund (or an entity in which the Fund is a partner, member, or other type of investor) were treated as a "dealer" with respect to all or part of its property (meaning that it was viewed as holding such property for sale to customers in the ordinary course of its business), then all the gains from such property would be treated as ordinary income. Further, if a Fund Asset is sold in less than one year from the date of acquisition, then gains from such property would likely be treated as short-term capital gains and taxed at ordinary income rates. Long-term capital gains, other than certain types of depreciation recapture, are taxable at a reduced rate for individuals (20% plus the 3.8% tax on unearned income described below).

U.S. Members who are individuals, estates, or certain trusts will be subject to a 3.8% Medicare tax on certain investment income such as interest, dividends, and rents from certain passive activities. Prospective Investors should consult their tax advisors regarding the possible applicability of the Medicare tax to income and gain in respect of an investment in the Fund.

Basis
Each U.S. Member will (subject to certain limits as discussed below) be entitled to deduct its allocable share of the Fund's losses to the extent of its tax basis in its interest at the end of the tax year of the Fund in which such losses are recognized. A U.S. Member's tax basis in its interest is, in general, equal to the amount of cash such U.S. Member has contributed to the Fund, increased by the U.S. Member's proportionate share of income and liabilities of the Fund, and decreased by the U.S. Member's proportionate share of cash Distributions, losses, and reductions in such liabilities.

If cash (including in certain circumstances "marketable securities") distributed to a U.S. Member in any year, including for this purpose any reduction in that U.S. Member's share of the liabilities of the Fund, exceeds that U.S. Member's share of the taxable income of the Fund for that year, the excess will constitute a return of capital and will be applied to reduce the tax basis of that U.S. Member's interest. Any Distribution in excess of such basis will result in taxable gain to the U.S. Member. In general, Distributions (other than liquidating Distributions) of property other than cash and, in certain circumstances, "marketable securities," will reduce the basis (but not below zero) of a U.S. Member's interest by the amount of the Fund's basis in such property immediately before its Distribution but will not result in the realization of taxable income to the U.S. Member.

Limits on Deductions for Losses and Expenses
In the case of U.S. Members that are individuals, estates, trusts, or certain types of corporations, the ability to utilize any tax losses generated by the Fund may be limited under the "at risk" limitation in Section 465 of the Code, the passive activity loss limitation in Section 469 of the Code or other provisions of the Code. Furthermore, such U.S. Member may be subject to limitations on the ability to utilize certain specific items of deduction attributable to the investment activities of the Fund (as opposed to its activities that represent a trade or business for federal income tax purposes) under Section 163(d) of the Code, the 2% floor on miscellaneous itemized deductions (including investment expenses) in Section 67 of the Code or other provisions of the Code.

Possible Audit of Information Return
A limited liability company generally is not liable for the payment of federal income tax but is required to file a federal income tax return on Form 1065 each year. Any such return may be audited, and any such audit may result in adjustments. Specifically, some of the deductions, claims, income reported, or positions taken by the Fund may be challenged by the IRS. Any audit adjustment made by the IRS could adversely affect the Members, and even if no such adjustment were ultimately sustained, the Members would, directly or indirectly, bear the expense of contesting such adjustments.

Sale or Exchange of U.S. Member Interests
Except to the extent the Fund holds appreciated inventory or unrealized receivables, a U.S. Member that sells or otherwise disposes of an interest in the Fund in a taxable transaction generally will recognize gain or loss equal to the difference, if any, between the adjusted basis of the interest and the amount realized from the sale or disposition. The amount realized will include the U.S. Member's share of the Fund's liabilities outstanding at the time of the sale or disposition. Capital gain would be eligible for a reduced rate of federal income taxation if the interest has been held for more than one year. The holding period for capital gains purposes begins on the day after the interest is issued to the U.S. Member.

In the event of a sale or other transfer of an interest at any time other than the end of the Fund's taxable year, the share of income and losses of the Fund for the year of transfer attributable to the interest transferred will be allocated for federal income tax purposes between the transferor and the transferee on either an interim closing-of-the-books basis or a *pro rata* basis reflecting the respective periods during such year that each of the transferor and the transferee owned the interest.

Tax-Exempt Members
In general, organizations that are otherwise exempt from federal income taxation pursuant to Section 501(a) of the Code ("Tax-Exempt Investors") are subject to taxation with respect to any unrelated business taxable

income ("UBTI"). Under Section 512(c) of the Code, when computing UBTI, a Tax-Exempt Investor must include its distributive share of income of any partnership of which it is a partner to the extent that such income would be UBTI if earned directly by the Tax-Exempt Investor.

UBTI is generally defined as gross income from a trade or business regularly carried on by a tax-exempt entity that is unrelated to its exempt purpose (including an unrelated trade or business regularly carried on by a partnership of which the entity is a partner) less the deductions directly connected with that trade or business. Subject income earned through conducting a U.S. trade or business and to the discussion of the "unrelated debt financed income" below, UBTI generally does not include interest, most real property rents or gains from the sale, exchange or other disposition of property (other than inventory or property held primarily for sale to customers in the ordinary course of a trade or business), but does include operating income from businesses owned directly or through a "flow-through" entity for U.S. federal income tax purposes.

If a Tax-Exempt Investor's acquisition of an interest in the Fund is debt-financed, or the Fund incurs "acquisition indebtedness" with respect to an investment, then all or a portion of the income attributable to the debt-financed property will be included in UBTI regardless of whether such income would otherwise be excluded as dividends, interests, rents, gain or loss from sale of eligible property or similar income. Such treatment will apply, in the case of ordinary income, only in tax years in which the Fund had acquisition indebtedness outstanding or, in the case of a sale, if the Fund had acquisition indebtedness outstanding at any time during the 12-month period prior to the sale.

In addition, UBTI can be realized through an acquisition, development and disposition strategy whereby the Fund would be treated as a "dealer" with respect to all or part of the assets in which it invests. In this case all the gain from the disposition of such assets generally would be UBTI (subject to a limited exception for gain from the sale of certain real estate assets acquired from insolvent financial institutions).

Because the Fund expects to incur "acquisition indebtedness" with respect to certain investments, Tax-Exempt Investors will likely recognize UBTI with respect to an investment in the Fund. In addition, the loans and some of the direct acquisitions of real property may constitute a U.S. trade or business. The Manager may, in its sole discretion, establish parallel, feeder, or alternative entities such as partnerships, corporate subsidiaries, or other investment vehicles to address the tax, regulatory, or other concerns of certain Investors. In addition, the Manager may also, in its sole discretion, reorganize the Fund into a master-feeder structure. However, there can be no assurance that the Tax-Exempt Investors will not incur UBTI with respect to any investment. Accordingly, Tax-Exempt Investors are urged to consult with their own tax advisors regarding the possible consequences of an investment in the Fund.

TAX-EXEMPT INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING ALL ASPECTS OF UBTI.

Treatment of Withholding Taxes

The Fund will withhold and pay to the IRS any withholding taxes required to be withheld with respect to any Member and will treat such withholding as a payment to such Member. Such payment will be treated as a Distribution to the extent that the Member is then entitled to receive a cash Distribution. To the extent that such payment exceeds the amount of any cash Distribution to which such Member is then entitled, such Member is required to indemnify the Fund as provided in the Operating Agreement.

Each Investor is urged to consult with and must rely upon the advice of its own professional tax advisors with respect to the United States and foreign tax treatment of an investment in the Fund.

State and Local Taxes, and Foreign Tax Considerations

The foregoing discussion does not address the state, local and foreign tax considerations of an investment in the Fund. Prospective Investors are urged to consult their own tax advisors regarding those matters and all other tax aspects of an investment in the Fund. It should be noted that the Members may be subject to

state or local income, franchise, or withholding taxes in those jurisdictions where the Fund owns real estate assets or is otherwise regarded as doing business and may be required to file tax returns in such jurisdictions. It also should be noted that it is possible that the Fund itself may be subject to state or local tax in certain jurisdictions.

Reporting
The Manager will furnish each Member with an annual statement setting forth information relating to the operations of the Fund (including information regarding such Member's distributive share of partnership income and gains, losses, deductions, and credits for the taxable year) as is reasonably required to enable the Member to properly report to the IRS with respect to such Member's participation in the Fund.

The federal information tax returns filed by the Fund will be subject to audit by the IRS and the audit of the Fund's returns could result in an audit of the Members' own federal income tax returns. In connection with such audits, adjustments to Fund items could result in the assertion of tax deficiencies (as well as interest and penalties thereon) against the Members. Any administrative or judicial proceedings involving the federal income tax treatment of Fund items will generally be conducted on a unified basis, with binding effect on all Members. The Manager will serve as the Fund's "Tax Matters Partner" for purposes of coordinating any such proceedings and providing any required notices about such proceedings to the Members.

Reportable Transactions Regulation
Treasury regulations impose special reporting rules for "reportable transactions." A reportable transaction includes, among other things, a transaction in which an advisor limits the disclosure of the tax treatment or tax structure of the transaction and receives a fee in excess of certain thresholds. The Manager intends to take the position that an investment in the Fund did not constitute a reportable transaction. If it were determined that an investment in the Fund does constitute a reportable transaction, each Member would be required to complete and file IRS Form 8886 with such Member's tax return for the tax year that includes the date that such Member acquired an interest in the Fund. The Manager reserves the right to disclose certain information about the Members and the Fund to the IRS on Form 8886, including the Members' capital commitments, tax identification numbers (if any), and dates of admission to the Fund, to facilitate compliance with the reportable transaction rules if necessary. In addition, the Fund may engage in certain transactions which themselves constitute reportable transactions and with respect to which both the Fund and certain Members may be required to file Form 8886. Certain states have similar reporting requirements and may impose penalties for failure to report. Prospective Investors should consult their tax advisors for advice concerning compliance with the reportable transaction regulations.

POTENTIAL MEMBERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND.

U.S. Partnership Tax Audit Risk
Under current law, the Fund, which intends to be treated as a partnership for U.S. tax purposes, will be required to file a tax return with the IRS. If the tax returns of the Fund are audited by the IRS, the tax treatment of the Fund's income and deductions generally is determined at the Fund level and U.S. tax deficiencies arising from the audit, if any, are paid by the Members that were partners for U.S. tax purposes in the year subject to the audit.

Under the general rule imposed under new legislation, an audit adjustment of the Fund's tax return filed or required to be filed for any tax year beginning during or after 2018 (a "Filing Year") could result in a tax liability (including interest and penalties) imposed on the Fund for the year during which the adjustment is determined (the "Adjustment Year"). The tax liability generally is determined by using the highest tax rates under the Code applicable to U.S. taxpayers, in which case any Adjustment Year partners of the Fund would bear the audit tax liability at significantly higher rates (including interest and penalties) arising from audit adjustments and in amounts that are unrelated to their Filing Year economic interests in the Fund partnership items that were adjusted.

To mitigate the potential adverse consequences of the general rule, the Fund may be able to elect to pass through such audit adjustments for any year to the Members who were partners in the Fund for the Filing Year, in which case those partners generally would be responsible for the payment of any tax deficiency, determined after including their shares of the adjustments on their tax returns for the Adjustment Year.