

# PRIVATE PLACEMENT MEMORANDUM<sup>1</sup>

*Of*

## DLP INCOME & GROWTH FUND I, LLC

*a Pennsylvania limited liability company*  
701 West Broad Street Bethlehem, PA 18018

\$100,000,000

Limited Liability Company Membership Interests & Secured Notes  
Minimum Member Investment Amount: \$250,000.00  
Minimum Note Investment Amount: \$100,000.00

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DLP INCOME & GROWTH FUND I, LLC (the "LLC") is a Pennsylvania limited liability company. The manager of the LLC is DLP CAPITAL ADVISORS, LLC (the "Manager"), a Pennsylvania limited liability company. The LLC is an opportunity LLC which will endeavor to produce attractive risk adjusted returns by investing in a range of real estate backed opportunities. Opportunities may include, but are not limited to rehabilitation and private loans to real estate investors, loans to Affiliates, investments into Affiliates' other LLCs, preferred equity investments and partnerships, the acquisition and disposition of non-performing notes as well as other real estate backed investment LLCs. Investments shall be made in target markets in which the Manager feels confident and comfortable in its ability to invest and underwrite effectively. The LLC may also take any action incidental and conducive to the furtherance of the aforementioned purposes.

The LLC is hereby offering to investors ("Investors"), pursuant to this Private Placement Memorandum ("Memorandum"), an opportunity to purchase membership interests ("Membership Interests") and/or notes ("Notes") in the LLC in the minimum aggregate amount of Two Hundred Fifty Thousand Dollars (\$250,000) for Members and One Hundred Thousand Dollars (\$100,000) for Note Holders (the "Minimum Offering Amount") and up to the maximum aggregate amount of One Hundred Million Dollars (\$100,000,000) (the "Maximum Offering Amount") (the "Offering"). The Manager has the sole discretion to raise the Maximum Offering Amount, to accept investments in a lesser amount or require a higher amount.

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<sup>1</sup> NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS OFFERING IS MADE IN RELIANCE ON AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION PROVIDED BY SECTION 4(2) OF THE SECURITIES EXCHANGE ACT OF 1933, AS AMENDED (THE "ACT"), AND RULE 506 OF REGULATION D PROMULGATED THEREUNDER.

THIS INVESTMENT INVOLVES A DEGREE OF RISK THAT MAY NOT BE SUITABLE FOR ALL PERSONS. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD PARTICIPATE IN THE INVESTMENT.

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

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

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

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

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

PROSPECTIVE INVESTORS SHOULD NOT REGARD THE CONTENTS OF THIS MEMORANDUM OR ANY OTHER COMMUNICATION FROM THE LLC AS A SUBSTITUTE FOR CAREFUL AND INDEPENDENT TAX AND FINANCIAL PLANNING. EACH PROSPECTIVE INVESTOR IS ENCOURAGED TO CONSULT WITH HIS, HER, OR ITS OWN INDEPENDENT LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONALS WITH RESPECT TO THE LEGAL AND TAX

ASPECTS OF THIS INVESTMENT AND WITH SPECIFIC REFERENCE TO HIS, HER, OR ITS OWN TAX SITUATION, PRIOR TO SUBSCRIBING FOR MEMBERSHIP INTERESTS.

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

THE MEMBERSHIP INTERESTS AND/OR NOTES ARE OFFERED SUBJECT TO PRIOR SALE, ACCEPTANCE OF AN OFFER TO PURCHASE, AND TO WITHDRAWAL OR CANCELLATION OF THE OFFERING WITHOUT NOTICE. THE MANAGER RESERVES THE RIGHT TO REJECT ANY INVESTMENT IN WHOLE OR IN PART.

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

THE INFORMATION CONTAINED IN THIS MEMORANDUM HAS BEEN SUPPLIED BY THE MANAGER. THIS MEMORANDUM CONTAINS SUMMARIES OF DOCUMENTS NOT CONTAINED IN THIS MEMORANDUM, BUT ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCES TO THE ACTUAL DOCUMENTS. COPIES OF DOCUMENTS REFERRED TO IN THIS MEMORANDUM, BUT NOT INCLUDED AS AN EXHIBIT, WILL BE MADE AVAILABLE TO QUALIFIED PROSPECTIVE INVESTORS UPON REQUEST.

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## SUMMARY OF THE OFFERING

The following information is only a brief summary of, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum. This Memorandum, together with the exhibits attached including, but not limited to, the Limited Liability Company Operating Agreement of the LLC (the “Operating Agreement”), a copy of which is attached hereto as Exhibit A, should be read in their entirety before any investment decision is made. All capitalized terms used herein but not defined herein shall have the meaning ascribed to them in the Operating Agreement. If there is a conflict between the terms contained in this Memorandum and the Operating Agreement, then this Memorandum shall prevail.

<b>The LLC</b>	DLP INCOME & GROWTH FUN I, LLC, (the “LLC”) is a Pennsylvania limited liability company located at 701 West Broad Street Bethlehem, Pennsylvania 18018. The LLC is an opportunity LLC which will endeavor to produce attractive risk adjusted returns by investing in a range of real estate backed opportunities. Opportunities may include, but are not limited to rehabilitation and private loans to real estate investors, loans to Affiliates, investments into Affiliates’ other LLCs, preferred equity investments and partnerships, the acquisition and disposition of non-performing notes as well as other real estate backed investment LLCs. Investments shall be made in target markets in which the Manager feels confident and comfortable in its ability to invest and underwrite effectively. The LLC may also take any action incidental and conducive to the furtherance of the aforementioned purposes.
<b>The Manager</b>	DLP CAPITAL ADVISORS, LLC is a Pennsylvania limited liability company located at 701 West Broad Street Bethlehem, Pennsylvania 18018. The Manager will manage the LLC. The Manager and its Affiliates will receive the Manager’s Fees.
<b>The Offering</b>	The LLC is hereby offering to Investors an opportunity to purchase Membership Interests or Notes in the LLC. Investors may invest in either Membership Units (Members) or Secured Notes (Note Holders), or both. The minimum investment amount for Members is <b>\$250,000</b> the minimum investment amount for Note Holders is <b>\$100,000</b> . The Manager, however; reserves the right to accept investments in a lesser amount or require a higher amount.
<b>Target Returns</b>	The LLC will provide Note Holders with annualized returns that will vary from time to time, initially ranging from <b>7% to 10%</b> , depending on investment size and duration of Note maturity (see the current Note Schedule) and to provide Members with a Preferred Return of <b>10%</b> ; as well as additional distributions which will endeavor to produce overall annualized returns to Members in the range of <b>11% to 18%</b> .
<b>Excess Distributable Cash (EDC)</b>	The LLC generally expects to distribute Excess Distributable Cash (“EDC”) to its Members subject to the discretion of the Manager. In the event EDC is distributed, it will be divided 80/20 between the Members and the Manager respectively on a monthly basis. The Member’s portion of any EDC distributed shall be considered a distribution and the Manager’s portion shall be considered additional compensation and shall be treated from an accounting perspective as an LLC Expense.
<b>Financial Reporting</b>	The LLC expects to use the accrual basis of accounting and shall prepare its financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). The LLC will produce a minimum of quarterly financial reports to investors.

<p><b>Suitability Standards</b></p>	<p>This offering is limited to certain individuals, Keogh plans, IRAs and other qualified Investors who meet certain minimum standards of income and/or net worth. Each purchaser must execute a Subscription Agreement and Investor Questionnaire making certain representations and warranties to the LLC, including such purchaser's qualifications as an "Accredited Investor" as defined by the Securities and Exchange Commission in Rule 501(a) of Regulation D who are U.S. or foreign investors, or as one of thirty-five (35) non-accredited U.S. or foreign Investors that may be allowed to purchase Membership Interests in this offering. (See "Investor Suitability").</p>
<p><b>Member Accounts</b></p>	<p>Upon acceptance of an Investor's subscription documents and associated deposit, a Member account shall be established. The Member shall receive interest at the rate of 10% (annualized) between the Deposit Date and the Effective Date at which time the investment shall be deemed an equity investment. See "Membership Units" herein.</p>
<p><b>Monthly Distributions</b></p>	<p>Members shall have the option (prior to any liquidation of the LLC) to receive any Returns actually distributed either 1) paid to them via check or ACH, or 2) to use such distributed LLCs to automatically purchase additional Membership Units at the prevailing Unit Price, with the exception of the first distribution after a contribution is made. All reinvested proceeds will be tied to the same lock-up provisions as the initial subscription to which they are related. Notwithstanding the foregoing, the Manager shall have the option to reinvest the first distribution, if deemed necessary to avoid a return of capital invested.</p>
<p><b>Affiliates and Originators</b></p>	<p>Don Wenner is also a principal of other companies involved in affiliated businesses and who are expected to provide services to the LLC for which they will be compensated (the "Affiliates"). The Affiliates include, but are not limited to: Don Wenner Home Selling Inc. dba DLP Realty, DLP Property Management, DLP Realty Investments, LLC dba DLP Builders, Direct Lending Partner, LLC, and Alliance Property Transfer, LLC.</p>
<p><b>Management Track Record</b></p>	<p><b>Donald Wenner:</b> Mr. Wenner ("Don") has over 10 years of real estate sales and investment experience. He rapidly built the DLP brand from a startup into one of the top real estate companies in the country during the worst economic downturn since the Great Depression. Don's success has placed him and his team among the Top 10 Real Estate Professionals in the US and number 1 in all of Pennsylvania, New Jersey, and New York as ranked by the Wall Street Journal for 2014 &amp; 2015. Don has closed over 5,000 real estate transactions as a principal, lender, or broker totaling over half a billion dollars. He has successfully flipped hundreds of homes, and owns and manages a portfolio of over 300 properties in Pennsylvania and New Jersey. The DLP family of companies has expanded from its start in the Lehigh Valley to the Poconos; Delaware Valley; North New Jersey; and North East &amp; Central Florida.</p> <p><b>Robert Peterson:</b> Robert has 35 years' experience in the commercial, retail and multi-family residential real estate industry as an accounting and finance professional with extensive asset management experience. Robert served for 10 years as the Vice President of Finance and Information Technologies at the Buckeye Companies, the largest full service commercial office building owner, contractor, property management, brokerage and automobile parking group of companies in Beverly Hills, California. He was the Treasurer and Chief Financial Officer for Malibu Bay Company, the largest commercial land owner and retail developer in Malibu, where he also served as the Director of Leasing for 10 years. He has had additional experience with high-end multi-</p>

	family residential properties and condominium conversion projects. Robert spent 12 years as the General Manager and Chief Financial Officer of Citinational-Buckeye Building Company where he planned and directed the abatement, retro-fit, reconstruction and was successful in achieving the 100% lease-up of a major 25 story high-rise office building in downtown Los Angeles. Robert has a Bachelor of Science degree in Accounting.
<b>Ownership of the LLC</b>	The LLC shall be owned by investors purchasing equity interests or membership shares (“Membership Units” or “Units”) in the LLC and who shall be called “Members.” Members shall own 100% of the LLC each in a percentage equal to their outstanding Units divided by the total Units outstanding (the “Ownership Interest”).
<b>Investor Offerings</b>	Investors shall have two investment options: 1. Membership Units of the LLC 2. Secured notes (“Notes”) to the LLC
<b>Target Member Returns</b>	The targeted return to Members will be between <b>11% and 18%</b> . The Preferred Return is <b>10%</b> . Please see sections “Preferred Return” and “Target Overall Return” below for more details on returns to Members.
<b>Note Holder Returns</b>	Note Holders shall be paid (on a Pari Passu basis) a specific rate of return as detailed on a periodic Note Schedule published by the LLC. The returns will vary based on, among other factors, the size of investment, the duration of the Note term, and market conditions at the time of issuance. As of the launch date of the LLC, <b>Note Rates are expected to be in the range from 7% to 10%, depending on investment size and Note duration.</b> See the current Note Schedule.
<b>Minimum Investment For members</b>	\$250,000 per unique Investor, which amount may be adjusted in the sole discretion of the Manager.
<b>Minimum Investment Note Holders</b>	\$100,000 per unique Investor, which amount may be adjusted in the sole discretion of the Manager.
<b>Financial Statements and CPA Audit</b>	The LLC expects to use the accrual basis of accounting and shall prepare its financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). The LLC will produce a minimum of quarterly financial reports to investors. The Manager shall cause the LLC to have its financial statements audited on an annual basis by a qualified Certified Public Accountant. These statements and audits shall be made available to Investors.
<b>Management Fee</b>	The Manager will charge an annual Management Fee of 1% of the total Assets Under Management (“AUM”). The Management Fee shall be calculated, prorated, and paid at the end of each calendar month.
	The LLC, either directly or through a special purpose vehicle (“SPV”), will invest in opportunities which include, but are not limited to: the origination and acquisition of

<p><b>Asset Description</b></p>	<p>Mortgage Loans, preferred equity investments, the acquisition and disposition of performing and non-performing notes as well as other real estate backed investments.</p> <p><b>Mortgage Loans:</b></p> <ul style="list-style-type: none"> <li>• Mortgage Loans made primarily to third party borrowers and DLP Capital Advisors’ affiliated entities and underwritten by Direct Lending Partner LLC for the acquisition and rehabilitation of non-owner occupied 1-4 unit residential, multifamily, and commercial properties.</li> <li>• The Mortgage Loans originated or acquired will be secured primarily in first lien position, however, a second position lien may be taken on when sufficient collateral is present.</li> <li>• The Mortgage Loans are expected to be relatively short term in nature, with terms typically ranging from 6 to 24 months.</li> <li>• Typically, the Manager will cause an independent, third party appraisal to be performed to determine property value. However, the Manager in its sole discretion may choose to determine property value through other means, such as broker price opinions, online comparable sales, and prior experience with similar properties.</li> </ul> <ul style="list-style-type: none"> <li>• Loan to Value (“LTV”) will typically not exceed 70% of After Repair Value (“ARV”) without significant compensating factors. As a portfolio whole, the Loan to value (“LTV”) will not exceed 65% of the after repair value.</li> <li>• If the borrower is an entity, personal guarantees from its principals shall be required.</li> <li>• The properties will be primarily located within a 75-mile radius of a DLP office in PA, NJ, and Florida. Over the course of the LLC, loans may also be made to additional markets that are attractive to the manager, including but not limited to Texas; Georgia, North &amp; South Carolina, and Colorado.</li> </ul> <p><b>Preferred Equity Investments:</b></p> <ul style="list-style-type: none"> <li>• The LLC may also make preferred equity investments in properties. Primarily these preferred equity investments will be made to properties owned or acquired by DLP Capital Advisors, LLC’s affiliates, but may be made to non-affiliated borrowers as well.</li> <li>• These preferred equity investments will be structured to provide the LLC a Fixed preferential return on the capital invested by the LLC.</li> <li>• The majority of these properties will be multi-family apartment and commercial properties.</li> </ul> <p><b>Additional Investment Opportunities:</b></p> <ul style="list-style-type: none"> <li>• The LLC may invest as an LP into other LLC’s owned by the Manager &amp; it’s affiliates including other PPM Funds such as the DLP Lending Fund, LLC &amp; DLP Fixed Fund I, LLC.</li> <li>• The LLC may lend to entities that purchase &amp; own performing &amp; non performing notes, secured by residential real estate, which may or may not meet the criteria mentioned above, but will be made in situations wherein the Manager believes the LLC’s risk exposure is mitigated, and in which the notes are expected to be able to meet the return targets of the LLC.</li> </ul>
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	<ul style="list-style-type: none"> <li>The LLC may lend to Affiliates that invest in single family, multi-family and commercial real estate. These notes may or may not be recorded, and may be subordinate to secured first position loans.</li> </ul>
<b>Activities of LLC</b>	All identification of property, due diligence, and underwriting of Assets for the LLC and SPVs will be done by the Manager and/or Affiliates for the benefit of the LLC or SPVs. The Manager may subcontract some due diligence functions to third parties (e.g., appraisers, inspectors, subcontractors, real estate brokers, etc.) for the benefit of the LLC, which shall be considered LLC Expenses.
<b>LLC Administration</b>	The LLC intends initially to handle LLC administration in house, but may retain the services of an outside third party LLC Administrator to provide LLC administration and investor relations functions. The cost thereof shall be a LLC Expense, at a cost of .35% of the LLC AUM. It is anticipated that Mortgage Loan servicing would be handled by Third party loan servicing companies. The manager intends on using FCI Loan Servicing, but the servicer may change at the manager's discretion.
<b>Note Holders/Notes</b>	<p>The LLC will borrow money from time to time from Note Holders who will be issued Notes of varying maturities between 1 and 5 years. Note Holders will be lenders to the LLC on a Pari Passu basis with the other Note Holders and have a blanket secured interest in the LLC Assets. This secured interest will be in a senior position except in circumstances where individual LLC Assets have been or are being pledged by the LLC to any senior lender ("Credit Facility or "Facility").</p> <p>The LLC intends to have multiple tiers of rates based on the amount of money lent from a Note Holder and the duration of the maturity. These tiers may change from time to time. The interest rate for each maturity date and dollar amount combination shall be set by the Manager in a Note Schedule to be published periodically, but manager may also offer alternative note offering rates &amp; terms from time to time. Notes may be purchased, with the consent of the Manager, at any time at the interest rate and terms defined for that period by the Manager. The LLC may prepay the outstanding principal and interest to any Note Holder at any time without penalty.</p>
<b>Membership Units</b>	<p>The LLC will sell Membership Units at a "Unit Price" that shall fluctuate quarterly based on the total collective "Stated Value" of the LLC Assets. The Stated Value of any individual LLC Asset shall be determined by the Manager in its sole discretion. The Manager, however, shall establish and follow a methodology for determining the Stated Value of the LLC Assets, which it may modify, alter, amend, or improve from time to time in its sole discretion. The initial Unit Price will be \$1,000.</p> <p>Investors may execute subscription documents at any time, subject to acceptance by the Manager. However, an investment in the Membership Units will become effective as an equity investment <u>only</u> as of the first day of the quarter (the "Effective Date") following the date of acceptance of the subscription and associated deposit of an Investor's money into the LLC's subscription account (the "Deposit Date"), <u>and</u> upon the LLC's transfer of the money into its operating account. The LLC may use the Investor's money between the Deposit Date and the Effective Date, provided that any amounts drawn by the LLC from the subscription account into the operating account shall be treated as a loan to the LLC for which the Investor shall receive interest at 10% (annualized) during the period between the Deposit Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. The Investor shall become a Member of</p>

	<p>the LLC <i>only</i> after the Effective Date <i>and</i> upon acceptance of the subscription by the Manager, and only upon acceptance of the Investor as a Member will the investment, or portions drawn from the subscription account, be treated as an equity investment in the LLC.</p>
<p><b>Preferred Return and Target Overall Return</b></p>	<p><b>The LLC’s objective is to produce an overall return to Members in the range of 11% to 18% annually.</b> Members receive <b>80% of LLC EDC</b> &amp; the manager receives <b>20% of EDC</b>; with a preferred return to members of <b>10%</b>. These returns are subject to performance of the LLC and after paying LLC Expenses as well as the Management Fee to the Manager. Profits shall be distributed monthly.</p> <p>The Preferred Return shall be “Cumulative,” meaning that any shortfall in a given month shall carry forward (and as further defined in the PPM).</p> <p>The Manager has done extensive financial modeling based on what it believes are reasonable assumptions and projections. Should the LLC meet its financial models and achieve its objectives, this would equate to an overall return to the Members in an expected range of <b>11% to 18% annually</b>. <b>However, an investment in the LLC is inherently speculative and no specific return on invested capital or even return of invested capital can be promised or guaranteed.</b></p>
<p><b>Excess Distributable Cash (EDC)</b></p>	<p>This figure shall generally mean an amount that is equal to any remaining cash in the LLC after having paid out interest and principal payments on any Credit Facility, LLC Expenses, the 1% (annualized) Management Fee, Note Holder interest, reserves and/or allowances for anticipated expenses and provisions for loan losses, any repayment of maturing Notes, eligible redemptions in the discretion of the Manager, the Preferred Return, the manager “catch up” and reserving sufficient capital for future activities of the LLC, as determined in the sole judgment of the Manager.</p> <p>The LLC typically expects to distribute all available EDC. At each quarter end, payment of any Preferred Return and/or EDC shall either be made or not made depending on LLC results at the discretion of the Manager.</p> <p>Any EDC actually paid will be divided 80/20 between the Members and the Manager respectively on a quarterly basis. The Member’s portion shall be considered a distribution and the Manager’s portion shall be considered additional compensation and shall be treated from an accounting perspective as a LLC Expense.</p>
<p><b>LLC Income</b></p>	<p>The LLC shall receive as LLC Income 100% of any interest collected on Mortgage Loans &amp; preferred equity investments; in addition to 50% of any late fees.</p>
<p><b>Manager and Affiliates Other Income</b></p>	<p>In addition to the 1% Management Fee and the appropriate split of any EDC paid, the Originator shall receive as income in form of loan origination fees &amp; points collected on Mortgage Loans. The Originator shall also receive as income extension fees collected from Borrowers on Mortgage Loans that have been extended upon reaching maturity. The Manager and/or Affiliates may also charge reasonable, market-based processing, underwriting, and inspection fees to help cover expenses associated with processing, underwriting, and inspecting any LLC Assets originated, acquired, or extended. Such fees will typically range from \$500 to \$1,500. DLP Realty may receive compensation in the form of commissions paid through the closing of the purchase or sale of a LLC Asset. Alliance Property Transfer, LLC may receive compensation for title related services it provides to LLC Borrowers and/or the LLC directly. All fees and</p>

	<p>compensation paid to Affiliates shall be market-based and commercially reasonable at all times.</p>
<b>LLC Expenses</b>	<p>LLC Expenses (including SPV expenses) shall include, but not necessarily be limited to the following: LLC organizational costs, CPA and accounting related costs for tax return preparation, financial statement preparation and/or audits, legal fees and costs, filing, licensing or other governmental fees, other third party audits, loan servicing fees, insurance costs (including without limitation GL, D&amp;O, E&amp;O and Fidelity), LLC administration costs, loan origination and/or other fees associated with any Credit Facilities, Note &amp; Credit Facility Manager Delta; costs associated with ownership of real property, e.g., property improvement and rehabilitation costs not otherwise capitalized, sales commissions, property taxes, property management, hazard insurance, utilities, and any other expenses associated with operation of the LLC or management of its Assets. Costs of any insurance for the benefit of the Manager may be apportioned among Affiliates.</p> <p>The LLC may incur fees to eligible third parties for raising capital on its behalf in the discretion of the Manager. Any such fees shall be borne by the LLC as part of the LLC Expenses.</p> <p>The Manager shall be reimbursed for all reasonable out of pocket expenses incurred on behalf of the LLC which shall be considered LLC Expenses.</p>
<b>Minimum Offering</b>	<p>The LLC shall begin making its investments as summarized herein immediately upon receipt of investment capital or as soon thereafter as is practicable in the judgment of the Manager. The relative size of the initial LLC Assets may be smaller than in the future depending on the amount of capital available to the LLC. However, the LLC expects to raise capital on an ongoing basis and thus shall begin making investments immediately.</p>
<b>Maximum Offering</b>	<p>The LLC shall seek to raise the Maximum Offering of up to \$100,000,000 in capital (Member and Note Holder capital combined), which amount may be increased in the sole discretion of the Manager. The Manager may or may not raise the full amount during the life of the LLC. The Manager shall be entitled to sell additional Membership Units and/or Notes at any time and on an ongoing basis so long as it does not exceed the Maximum Offering, which may be increased as described above. Upon reaching the Maximum Offering, if there are Redemption requests that are granted and/or Note Repayments that bring the LLC's AUM below the Maximum Offering, the Manager may again raise additional equity and/or issue additional Notes and may do so at any time during the life of the LLC up to the Maximum Offering.</p>
<b>Term</b>	<p>The LLC is an open-ended "evergreen" LLC with no set end date. The Manager expects to originate and acquire LLC Assets on a frequent and ongoing basis and will continue to do so indefinitely until the Maximum Offering has been reached, or until the Manager believes market conditions do not justify doing so. The Manager intends generally to utilize the return of capital from the disposition of LLC Assets to originate and acquire new LLC Assets rather than return the capital to Members, however, the Manager expects to manage the LLC's investments and capital structure in such a manner as to attempt to provide a reasonable level of capability for the LLC to accommodate Redemption requests given the relatively illiquid nature of real estate based investments in general.</p>

	<p>If the Manager deems it appropriate based on evolving market conditions and dynamics, the Manager shall cease to originate and acquire new LLC Assets and shall distribute any return of capital from the disposition of LLC Assets back to the Members in accordance with the Liquidation Waterfall (as described in the PPM) until all LLC Assets have been liquidated. The Manager may choose to return capital to the Members at any time during the life of the LLC.</p>
<p><b>Use of Leverage/Credit Facilities</b></p>	<p>The LLC and/or any SPV(s) of the LLC may choose to borrow money from time to time from one or more senior lenders (“Credit Facilities” or “Facilities”) and may pledge one or more LLC Assets as collateral for any such borrowing, subject to certain restrictions imposed in the Operating Agreement. The Operating Agreement grants the Manager significant latitude and discretion in its ability to use Credit Facilities in the operation of the LLC. However, the Operating Agreement also places specific limitations on the use of Credit Facilities by the Manager, namely:</p> <ul style="list-style-type: none"> <li>• The LLC will not utilize a Facility in an amount in excess of 80% of the Stated Value of any LLC Asset at the time of procurement of that debt. Stated Value will be the par value of the Note unless it has been impaired or written down.</li> </ul> <p>Any Facility shall be nonrecourse to the Members. The Manager (and/or its principals) and the LLC may agree to provide its Guaranties for a given Facility but are not required to do so. Any Facility will likely have covenants that affect the Company, any SPVs, and the Manager.</p>
<p><b>Debt to Equity Ratio</b></p>	<p>The LLC Manager intends to utilize leverage in a debt to equity ratio that the manager feels provides appropriate benefits in yield to Members and cash flow management.</p>
<p><b>Distributions and Reinvestments</b></p>	<p>Members shall have the option (prior to any liquidation of the LLC) to receive any Returns actually distributed either 1) paid to them via check or ACH, or 2) to use these LLCs to automatically purchase additional Membership Units at the prevailing Unit Price. Members shall make such an election at the time of subscription and may change this election with 90 days’ notice to the Manager and not more frequently than twice per year. The Manager may suspend or terminate the reinvestment option at any time in its sole discretion. Notwithstanding the foregoing, the Manager shall have the option to reinvest the first distribution, if deemed necessary to avoid a return of capital invested.</p>
<p><b>Redemption and Lockup Period</b></p>	<p>Members will be required to hold their Units for a minimum of <b>1 year</b> (the “Lockup Period”) before they may request Redemption. Redemption requests for reasons of financial hardship or emergency during the Lockup Period may be considered on a case by case basis and may be subject to a penalty (the “Redemption Fee”) up to 5% of the then current Unit Price</p> <p>After the Lockup Period, Redemption requests will be considered on a first come, first served basis. Members will have the right to request a Redemption at any time. A Member shall be required to provide the Manager a 90-day notice for any Redemption request. 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 the Units for which the Reinvestment Units are associated.</p>

	<p>The Manager shall have no obligation to grant any particular Redemption request and shall retain sole discretion as to whether or not 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 LLC.</p> <p>All of the above parameters notwithstanding, the Manager will endeavor to manage the LLC in such a manner as to be able to accommodate Redemption requests at any time after the Lockup Period as consistently as possible. If any redemption request is not completed within 180 days of request, the manager shall be restricted from making new loans until the redemption has been made in full.</p>
<b>Note Holder Early Repayment</b>	<p>A Note Holder may request an early repayment of the Note (a “Repayment”) prior to its maturity date subject to a penalty equal to a downward interest rate adjustment to the appropriate Note term consistent with the Repayment date (if applicable) plus an Early Repayment Fee up to 5% of the principal balance of the Note. The granting or not of the early Repayment request shall be subject to the sole discretion of the Manager.</p>
<b>Structure of LLC</b>	<p>The LLC is organized as a Pennsylvania limited liability company. The LLC will use a Private Placement Memorandum (“PPM”) under Rule 506(c) of Regulation D, for an exempt offering under federal and state law. The LLC and SPVs are expected to be treated as disregarded entities for federal income tax purposes. However, the Manager in its sole discretion may cause the LLC to participate in an SPV rather than owning all of the SPV interests.</p>
<b>Eligible Investors</b>	<p>For U.S. Investors, Membership Units will be offered solely to Accredited Investors, as that term is defined by Rule 501 of the Securities Act of 1933, and who satisfy eligibility requirements set from time to time by the LLC and its Manager. In the sole discretion of the Manager, the LLC may establish a structure to secure investments in the LLC from foreign Investors. The number of unique investors shall be limited to a total of no more than 500.</p>
<b>Key Man Provisions</b>	<p>Don Wenner is considered an integral part of the LLC’s investments and operations (a “Key Man”). If Mr. Wenner were to leave the Manager, die, or become permanently disabled, the Manager’s ability to continue the management of the LLC could be materially and adversely affected. Upon the death or permanent disability of Mr. Wenner, the Members shall have the right to approve a replacement Key Man by majority vote for a period of up to one year. If no replacement Key Man is appointed by the Members within the maximum one year period, the LLC shall permanently cease to make new investments and shall proceed with an orderly liquidation of its Assets.</p>
<b>Life Insurance</b>	<p>The Manager is a beneficiary of life insurance policy on the life of Don Wenner in the minimum amount of \$2,000,000. The proceeds of such a policy is intended to provide the Manager with sufficient liquidity to be able to operate without duress while a new Key Man is identified and approved by the Members or to allow the LLC to proceed with an orderly liquidation of its Assets.</p>

<b>Waterfall</b>	<p>The following outlines the priority (“Waterfall”) for the distribution of cash from the LLC:</p> <ol style="list-style-type: none"><li>1. Interest and principal payments on any Facility (depending on what collateral is pledged to a particular facility);</li><li>2. LLC Expenses;</li><li>3. Manager annualized 1% Management Fee (paid monthly) on total AUM as of the last calendar day of each month, and any other fees due the Manager;</li><li>4. Note Holder interest, payable monthly;</li><li>5. Repayment of maturing Notes, if any;</li><li>6. 10% Preferred Return to Members, payable monthly;</li><li>7. EDC Split between manager &amp; members.</li></ol> <p>Upon dissolution of the LLC, except a dissolution caused by the dissolution, bankruptcy, or withdrawal of the Manager where a substitute Manager is elected by the Members within 90 days of such dissolution or bankruptcy or one year in the case of withdrawal, the LLC will be liquidated and the proceeds of liquidation will be applied as follows:</p> <ol style="list-style-type: none"><li>1. Interest and outstanding principal balance of any Credit Facility (which may be limited to individual or a group of LLC Assets depending on specific collateral for any Facility);</li><li>2. Liquidation and/or other LLC Expenses;</li><li>3. Manager annualized 1% Management Fee (paid monthly) on total AUM as of the last day of each calendar month;</li><li>4. Note Holder principal, followed by accrued Note Holder interest, all on a Pari Passu basis;</li><li>5. Return of Member’s capital on a Pari Passu basis (or by order of priority for Redemption requests, if any, in the sole discretion of the Manager);</li><li>6. Members Pari Passu as to the Preferred Return;</li><li>7. Any remaining EDC as determined by the Manager, to be split 80/20 between the Members and Manager respectively.</li></ol>
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## DEFINITION OF TERMS

The following terms shall have the meaning ascribed to them below when used elsewhere in this PPM with the initial letter capitalized. Other capitalized terms found throughout this PPM and not defined below or in the body of the PPM shall have the meaning as ascribed to them in the Operating Agreement:

“Affiliates” shall mean DLP Capital Advisors, LLC, Don Wenner Home Selling Inc. dba DLP Realty and DLP Property Management, DLP Realty Investments, LLC dba DLP Construction, Direct Lending Partner, LLC, and Alliance Property Transfer, LLC.

“ARV” shall mean After Repair Value, which is the appraised or estimated value of the real property (as determined in the sole judgment of the Manager) after any proposed construction, rehabilitation, or repair work has been completed.

“AUM” means total LLC Assets under management. AUM shall be calculated based on the collective total of membership unit value plus the total note holder notes outstanding.

“Borrowers” mean the individuals or entities who are the recipients and payors of the Mortgage Loans.

“Broker/Dealer” means a licensed broker/dealer employed by the Manager for the purpose of locating Investors for this Offering.

“Cash-Out Notice” shall mean that 60-day notice required to be given to the Manager from any Note Holder prior to (or after) a Note’s Maturity Date of the Note Holder’s desire to be cashed out of such Note.

“Capital” shall mean the price paid for each Membership Unit.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” shall mean the property and interests securing a Mortgage Loan, primarily real property.

“Credit Facility” or “Facility” means any secured line of credit, including obligations to Note Holders, warehouse lines, and/or individual loans from any lender, secured in first position by one or more of the LLC Assets.

“Cumulative” means that any shortfall of a Preferred Return in a given month shall carry forward until paid.

“Distributable Cash” means at the time of determination by the Manager, cash generated from the LLC’s Assets and other operations of the LLC after payment of or provision for the following expenses (a) interest and principal payments due under any Credit Facility or any other amounts borrowed by the LLC, (b) LLC Expenses, and (c) such amounts as the Manager deems reasonable in order to provide for any anticipated, contingent or unforeseen expenditures or liabilities of the LLC. Distributable Cash shall be determined without regard to (i) capital contributions made by Members or (ii) principal advanced on Company indebtedness. Distributable Cash shall be determined by the Manager in its sole discretion.

“Distributions” means amounts which from time to time are distributed to holders of Units, at the Manager’s discretion, but subject to the limitations on discretion set forth in the Operating Agreement.

“Early Redemption Fee” means a fee in an amount up to 5% as determined by the Manager in its sole discretion, of the then current Unit Price that will be charged for any Units redeemed within the Lockup Period. The Manager may or may not approve a request for a premature Redemption in its sole discretion.

“Excess Distributable Cash” or “EDC” means any remaining amounts of Distributable Cash following the deduction of an amount equal to twenty percent (20%) of the preferred return distributable to the Manager pursuant to the Operating Agreement, as determined at the end of each quarter at the sole discretion of the Manager.

“LLC Assets” or “Assets” means any and all assets of the LLC including Mortgage Loans, real property, contracts or notes receivable, cash, or any other asset or receivable of the LLC.

“LLC Expenses” means LLC organizational costs, CPA and accounting related costs for tax return preparation, financial statement preparation, and/or audits, legal fees and costs, filing, licensing, or other governmental fees, other third party audits, loan servicing fees, insurance costs (including without limitation GL, D&O, E&O and Fidelity), LLC administration costs, capital acquisition fees and costs (including payment to duly licensed third parties who are contracted by the Manager to raise capital for the LLC), loan origination and/or other fees associated with any Credit Facilities, including Note and credit Facility Manager Delta (as defined herein), costs associated with ownership of real property, e.g., property improvement and rehabilitation costs not otherwise capitalized, sales commissions, property taxes, property management, hazard insurance, utilities, and any other expenses associated with operation of the LLC or management of its Assets. Costs of any insurance for the benefit of the Manager may be apportioned among Affiliates.

“Intercreditor Agreement” means the Intercreditor Security Agreement signed by each Note Holder, the Manager on behalf of the LLC, and the Manager as Note Holder Representative.

“Investor” means either, or both, the purchaser of Membership Units pursuant to this Offering (“Member”), and the purchaser of Notes pursuant to this Offering (“Note Holder”).

“IRS” means the United States Internal Revenue Service.

“Leverage” means any note obligations of the LLC on credit facilities; participations agreements; or LLC note offerings.

“LTV” means the ratio of the loan amount (or unpaid principal balance) of any Mortgage Loan to the real property Collateral that secures that Mortgage Loan.

“Lockup Period” means the 12-month period immediately following an investment in any Unit during which a Member may not request Redemption of that Unit.

“Management Fee” means that 1% of AUM as an annual fee (payable as 0.0833% of AUM monthly) to be paid by the LLC to the Manager. The Management Fee will be deemed earned daily and paid to the Manager on the last day of each calendar month, based upon the AUM as of the payment date as calculated by the Manager in its sole discretion. The Management Fee shall be paid by the LLC prior to making any Distributions to Members or interest payments to Note Holders.

“Manager” means DLP Capital Advisors LLC, a Pennsylvania limited liability company.



“Member” means any person or entity holding Units who has been approved by the Manager and is a party to the Operating Agreement.

“Membership Units” means a division of ownership of the LLC.

“Money Market Account” means one or more accounts in which the LLC’s available cash will be placed. 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, if any, on the LLC’s cash.

“Mortgage Loans” means the loans originated or acquired by the LLC (either in whole or in participation interests) from or through the Manager and which are secured by real estate.

“Note and Credit Facility Manager Delta” means the difference between the interest rate of “leverage” and nine percent (9%) based on the dollar amount leveraged, if the interest rate is less 9% being paid to the “leverage.”

“Note” or “Notes” mean a Note or the Notes issued from the LLC to a Note Holder, to be executed by the Manager.

“Note Holder” means any purchaser of Note(s) pursuant to this Offering.

“Note Rate” means the total interest rate payable under a Note.

“Note Schedule” means the matrix summary of Note rates and terms offered to Investors as modified periodically by the Manager.

“Offering” shall mean the issuance of Units or Notes in the LLC pursuant to the terms of the PPM, the Operating Agreement, the Intercreditor Agreement, the Subscription Booklets, and other related documents.

“Operating Agreement” means the Operating Agreement of the LLC, to be executed by the Manager as well as each Member of the LLC.

“Originator” means Direct Lending Partner, LLC.

“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. For the purposes of voting matters, the Manager shall determine each Member’s Ownership Interest as of the Record Date.

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

“Participation” shall mean an investment by the LLC in which it owns some undivided percentage interest in a Mortgage Loan.

“Preferred Return” means an 10% (annualized) return on the Members’ Capital Accounts. The Preferred Return is Cumulative.

“Redemption” means the Company’s paying of cash to a Member at the then current Unit Price in exchange for that Member’s Units. There are significant restrictions on Redemption as more fully described in this PPM and the Operating Agreement.

“Redemption Fee” means a fee in an amount equal to 5% as determined by the Manager in its sole discretion, of the then current Unit Price that will be charged for any Units redeemed within the Lockup Period. The Manager may or may not approve a request for a premature Redemption in its sole discretion.

“Reinvest,” “Reinvestment,” or “Reinvestment Option” each refer to a Member’s election to receive additional Units at the then current Unit Price in lieu of a cash Distribution and/or a Note Holder’s election to add to its Note balance in lieu of receiving its interest payment in cash. 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 the Units for which the Reinvestment Units are associated. Members have the option of either having their distribution paid out each quarter or having it reinvested into additional Membership Units. The first quarterly distribution shall be reinvested into additional Membership Units to ensure that there is not a return of capital invested. Notwithstanding the foregoing, the Manager shall have the option to reinvest the first distribution, if deemed necessary to avoid a return of capital invested.

“REO” means real estate owned by the LLC (and may also refer to other real property taken back by a lender) through a foreclosure, deed in lieu of foreclosure, or other means.

“SEC” means the United States Securities and Exchange Commission.

“Security” means the collateral securing the Notes.

“Stated Value” shall mean the figure used by the LLC as the value for each Asset it owns to assist in determining the Unit Price of the Membership Units of the LLC as well as the AUM. The Stated Value of each individual LLC Asset shall be determined on the last day of each calendar quarter by the Manager in its sole discretion. The Manager, however, shall establish and follow a methodology for determining the Stated Value and may modify, alter, or improve the methodology from time to time in its sole discretion.

“Subscription Booklets” shall mean that package of documents provided to Investors for the purposes of evaluating the Offering and purchasing Units or Notes in the LLC. The Member Subscription Booklet shall include this PPM, the Operating Agreement, the Unit Subscription Agreement, and the Investor Suitability Statement. The Note Holder Subscription Booklet shall include this PPM, the Intercreditor Agreement, a sample Note, the Note Subscription Agreement, and the Investor Suitability Statement.

“UPB” shall mean the unpaid principal balance of any given Mortgage.

## **STRUCTURE OF LLC**

The Manager has endeavored to structure this LLC in a way that balances the Manager’s need for flexibility, autonomy, and control with respect to LLC policies and investment decisions with the Investor’s natural desire for safety, oversight, and transparency. We have given extensive consideration to the LLC’s fee structure, administrative procedures, and third party service providers including LLC administration, accounting, and auditing services, and have attempted to create a beneficial and proper alignment of interests between the Manager and the Investors.

The LLC is organized as a Pennsylvania limited liability company. The LLC is making an offering that is exempt from registration under Regulation D of the Securities Act of 1933 (the “Act” or “Securities Act”). The LLC is open to both United States and foreign Investors.

Each U.S. Investor in the LLC must be an “accredited investor” as such term is defined in Regulation D promulgated by the SEC under the Securities Act.

Some of the ways U.S. Investors can qualify are:

- For natural person Investors, having a net worth of at least \$1,000,000, excluding the value of a primary residence; or
- For natural person Investors, having an adjusted gross income of at least \$200,000 for the last 2 years (or \$300,000 with a spouse); or
- For 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.

Each person and/or entity accepted into the LLC, either as a Note Holder providing debt or a Member providing equity is referred to herein as an “Investor.”

### ***Investor Suitability Standards***

This is a private Offering which is being made only by delivery of a copy of this PPM. Furthermore, with respect to U.S. Investors, the Offering and sales of the Units and Notes offered hereby will be made only to persons and/or entities who meet or exceed certain suitability standards which have been adopted by the LLC for the purpose of determining who will be permitted to purchase Units or Notes. Subscription Agreements from prospective Investors will be accepted or rejected by the Manager. The Manager reserves the right to reject any Subscription Agreement for any reason. 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 LLCs will be returned promptly to the subscriber.

### ***Investment Options***

Investors shall have two investment options:

1. Equity Ownership (Membership Units) of the LLC and/or
2. Secured Notes(Note Holders)

Investors purchasing Membership Units shall become “**Members**” of the LLC. Investors lending money to the LLC shall be issued Notes and shall become “**Note Holders.**” See the FAQ section as well as the remainder of the 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 in accordance with the terms set forth in the Subscription Agreement and Operating Agreement or Intercreditor Agreement as applicable.

The LLC shall seek to raise the Maximum Offering of up to \$100,000,000 in Investor capital (Member and Note Holder capital combined), 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 LLC. The minimum investment is \$250,000 per unique Investor for Members and \$100,000 per unique investor for Note Holders; which amount may be adjusted in the sole discretion of the Manager.

## INVESTMENT OBJECTIVES

The LLC's objectives with respect to acquiring LLC Assets are to effectively deploy the proceeds of this Offering in well qualified LLC Assets which will:

- Preserve and protect each Member's and Note Holder's contributed capital;
- Provide the Note Holders with annualized returns that will vary from time to time, initially ranging from **7% to 11%**, depending on investment size and duration of Note maturity (see the current Note Schedule);
- Provide the Members with a Preferred Return of **10%** and additional distributions which will endeavor to produce overall annualized returns to Members in the range of **11% to 18%**; and
- Ultimately provide Members and Note Holders with a full return of their capital contributions.

No assurance can be given that these objectives will be attained or that the LLC's capital will not decrease.

### *Strategy to Achieve LLC Investment Objectives*

The LLC is an opportunity LLC. The strategy of the LLC will be to produce attractive risk adjusted returns by investing in a range of real estate backed opportunities. Opportunities may include, but are not limited to rehabilitation and private loans to real estate investors, loans to Affiliates, investments into Affiliates' other LLCs, preferred equity investments and partnerships, the acquisition and disposition of non-performing notes as well as other real estate backed investment LLCs. Investments shall be made in target markets in which the Manager feels confident and comfortable in its ability to invest and underwrite effectively.

## THE MANAGER

The Manager of the LLC will be DLP Capital Advisors LLC, a Pennsylvania limited liability company. The Principal of the Manager at this time is as follows:

### *Donald Wenner*

Don has over 10 years of real estate sales and investment experience. He rapidly built the DLP brand from a startup into one of the top real estate companies in the country during the worst economic downturn since the Great Depression. Don's success has placed him and his team among the Top 15 Real Estate Professionals in the US as ranked by the Wall Street Journal for 2014 – 2016, including #8 in 2016. He is also ranked number 1 in all of Pennsylvania, New Jersey, and New York. Don has closed over 5,000 real estate transactions as a principal, lender, or broker totaling over half a billion dollars. He has successfully flipped hundreds of homes and owns and manages a portfolio of over 400 properties in Pennsylvania and New Jersey & Florida.

Don has become a recognizable name in the world of real estate in Pennsylvania & North East Florida, especially in the Lehigh Valley PA; Jacksonville FL & St Augustine FL where he dominates the airwaves. Don is endorsed by Glenn Beck, Sean Hannity, Dave Ramsey, Barbara Corcoran, Bobbie Gunther Walsh, and personalities on Radio Stations such as Cat Country, B-104, ESPN, and 99 the Hawk. DLP Realty has been named one of the Inc. 5000 Fastest Growing companies two years in a row. The DLP Realty marketing system along with Don's numerous strategic relationships generate more than 90% of the acquisition opportunities for Don and DLP Capital Advisors. Don has also built an impressive management team and support system to handle construction, project management, and property management with a growing staff

of over 160 full-time employees. His team is dedicated to effectively and efficiently rehabbing and renting and maintaining these assets while controlling costs and limiting risks to the company. Don's credibility and national recognition as one of the top real estate professionals in the USA has generated a large following of real estate agents and investors eager to learn and duplicate his success. Don utilizes all of these resources to effectively manage and maximize the returns of the private capital.

Don studied Finance and Marketing at Drexel University, where he first discovered his interest in real estate. He was born and raised in the Lehigh Valley and is currently a resident of Stroudsburg, Pennsylvania as well as St. Augustine Florida with his wife and two young boys, Donny and Alex.

### ***Robert Peterson***

Robert has 35 years' experience in the commercial, retail and multi-family residential real estate industry as an accounting and finance professional with extensive asset management experience. Robert served for 10 years as the Vice President of Finance and Information Technologies at the Buckeye Companies, the largest full service commercial office building owner, contractor, property management, brokerage and automobile parking group of companies in Beverly Hills, California. He was the Treasurer and Chief Financial Officer for Malibu Bay Company, the largest commercial land owner and retail developer in Malibu, where he also served as the Director of Leasing for 10 years. He has had additional experience with high-end multi-family residential properties and condominium conversion projects. Robert spent 12 years as the General Manager and Chief Financial Officer of Citi National-Buckeye Building Company where he planned and directed the abatement, retro-fit, reconstruction and was successful in achieving the 100% lease-up of a major 25 story high-rise office building in downtown Los Angeles. Robert has a Bachelor of Science degree in Accounting.

## **USE OF PROCEEDS AND DESCRIPTION OF BUSINESS**

The Manager will analyze and review a number of project investment opportunities on an ongoing basis.

**THERE IS NO GUARANTEE THAT THE LLC WILL INVEST IN ANY PARTICULAR PROJECT OR OPPORTUNITY. FOR ANY NUMBER OF REASONS, THE LLC MAY OPT AGAINST PURSUING ANY PARTICULAR OPPORTUNITY.**

The LLC, either directly or through special purpose vehicles, which will be subsidiary LLCs owned by the LLC, (each a "SPV") will typically originate and acquire Mortgage Loans that meet the following general criteria:

- Mortgage Loans made primarily to third party borrowers as well as DLP Capital Advisors' affiliated entities for the acquisition and rehabilitation of non-owner occupied 1-4 unit residential, multifamily, and commercial properties.
- The Mortgage Loans originated or acquired will be secured primarily in first lien position; however, a second position lien may be taken on another property owned by the Borrower as additional collateral to represent their equity in the deal.
- The LLC may originate or acquire some second position/Mezzanine Mortgage Loans made to select Borrowers in the discretion of the Manager. These types of loans will be capped at 10% of AUM.
- The Mortgage Loans are expected to be relatively short term in nature, with terms typically ranging from 6 to 12 months.
- The LLC may make Mortgage Loans to an Affiliate in the Manager's sole discretion. Mortgage Loans made to an Affiliate will be underwritten to the same standards as a Mortgage Loan made to a non-affiliated Borrower. Mortgage Loans made to Affiliates will be capped at 30% of AUM.

- Typically the Manager will cause an independent, third party appraisal to be performed to determine property value. However, the Manager in its sole discretion may choose to determine property value through other means, such as broker price opinions, online comparable sales, prior experience with similar properties.
- Loan to Value (“LTV”) will typically not exceed 70% of After Repair Value (“ARV”) without significant compensating factors. AS a portfolio whole, the LTV will not exceed 65% of the ARV.
- All LLCs for construction will be monitored and disbursed as the project is completed by the Manager in its sole discretion.
- Borrowers will typically be required to demonstrate and document their experience in completing similar projects, as well as satisfactory financial strength and credit worthiness in the sole discretion of the Manager.
- If the Borrower is an entity, personal guarantees from its principals shall typically be required. Loans will primarily be made to borrowers and properties in Pennsylvania, New Jersey, and Florida; but the Manager may make loans in other markets in which the Manager is comfortable with the risk and exposure.
- The LLC may purchase existing notes from other LLCs and lenders, which may or may not meet the criteria mentioned above, but will be made in situations wherein the Manager believes the LLC’s risk exposure is mitigated, and in which the notes are projected to be able to meet the return targets of the LLC.
- The LLC will further make preferred equity investments in select residential, commercial and multi-family properties in targeted markets. While the LLC will primarily invest in properties located in markets where the LLC and its affiliates maintain offices, the LLC may invest in other markets at the Manager’s discretion. The LLC may also make preferred equity investments in properties of the LLC’s affiliates or in which the LLC’s affiliates are also participants.

## **RISK FACTORS**

There are risks associated with investing in the LLC, the majority of which are not within the LLC’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 LLC, Investors should perform their own analysis of the investment opportunities and objectives presented and discuss investing in the LLC with their own advisors.

### ***Risks Relating to an Investment in the LLC – General***

#### ***Best Reasonable Efforts Offering***

This Offering is being conducted on a “best reasonable efforts” basis by the Manager only. 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 capital contributions may reduce the ability of the LLC to spread investment risks through diversification of its loan portfolio.

#### ***No Guarantee of Profitability***

The Manager anticipates that revenues will be sufficient to create net profits for the LLC. However, there can be no assurance that revenues will be sufficient for such purpose. Although the Manager believes in each investment’s economic viability, there can be no guarantee that the investments will be profitable to

the extent anticipated. Poor performance by a few of the investments could significantly affect the total returns to Investors.

### ***No Guaranteed Return of Investor's Capital Contributions***

The investments offered hereby are speculative and involve 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 LLC – Leverage***

The LLC and/or any SPV(s) of the LLC may choose from time to time to borrow money from one or more lenders (a “Credit Facility” or “Facility”) and utilize one or more LLC Assets as collateral for any such borrowing. The Operating Agreement grants the Manager significant latitude and discretion in its ability to use Credit Facilities in the operation of the LLC. However, the Operating Agreement also places specific limitations on the use of Credit Facilities by the Manager, namely:

The LLC will not provide any Facility with a first lien position on any existing LLC Assets already encumbered by Note Holder interests for the specific purpose of acquiring cash to accommodate Member Redemption requests;

The LLC will not utilize a Facility in an amount in excess of 80% of the Stated Value of any LLC Asset at the time of procurement of that debt.

Any Facility shall be nonrecourse to the Investors. The Manager and/or the LLC may agree to provide its Guaranty for a given Facility but is not required to do so. Any Facility will likely have covenants that affect the LLC, any SPV(s), and the Manager.

Although the purpose of leverage is to provide flexibility and additional liquidity options to the LLC, 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.

### ***Governmental Regulation***

The industry in which the LLC 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 under “U.S. Securities Laws and Foreign Investors,” “Compliance with Anti-Money Laundering Requirements,” “Usury Risk,” “Risk that the LLC May Become Subject to the Provisions of the Investment Company Act of 1940,” “Risk that the Manager May Become Subject to the Provisions of the Investment Advisers Act of 1940,” “The LLC’s Reliance on Exclusions from the Investment Company Act May Impact Certain Investment Decisions,” and “Recent and Anticipated Legislative and Regulatory Activity.” The LLC or the LLC 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 LLC’s operations and ability to generate revenue. The LLC 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 LLC’s ability to perform as illustrated.

### ***Ministerial Errors and Omissions***

Any clerical mistakes or errors in the 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 or 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 or entity 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) 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 or entity 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 LLC 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 LLC’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***

The LLC 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") and other similar laws of the United States. In response to increased regulatory concerns with respect to the sources of the LLC'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 LLCs to be used to purchase Units or Notes. The Manager may decline to accept a subscription if this information is not provided or on the basis of 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, 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 contributions of capital to the LLC, or Note Holder from lending further monies to the LLC, 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 LLC.

***Compliance with Other Regulations***

Other laws, regulations, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act, and programs at the federal, state, and local levels are under considerations 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. The effect that these or other actions will have on the LLC's business, results of operations, and financial condition and not completely foreseeable at this time. Further, the failure of these or other actions and the financial stability plan to stabilize the economy could harm the LLC's business, results of operations, and financial condition.

***Conflicts of Interest Risks***

The Manager, its Affiliates, and its principals are subject to various conflicts of interest in managing the LLC. The LLC will pay the Manager and/or Affiliates substantial fees, some of which that are not determined by arm's length negotiations. The LLC will pay a monthly Management Fee to the Manager of 1% (annualized) of the total collective AUM as determined on the last day of each month. Given that the Management Fee is calculated off the AUM, a potential incentive exists for the Manager to inflate the AUM in order to increase the Management Fee.

The Manager and/or Affiliates may charge reasonable, market-based loan origination, extension, processing, underwriting, and inspection fees in connection with services provided in connection with the business of the LLC. Direct Lending Partner may receive fees in connection with the origination of mortgage loans. DLP Realty may receive compensation in the form of commissions paid through the closing of the purchase or sale of a LLC Asset. DLP Construction may receive compensation from the construction and project management services it provides to LLC Borrowers or the LLC directly for properties it acquires through foreclosure. Alliance Property Transfer, LLC may receive compensation for title related services it provides to LLC Borrowers and/or the LLC directly. All fees and compensation paid

to Affiliates shall be market-based and commercially reasonable at all times. In these regards, the interests of the Manager and its Affiliates are in conflict with the Members and/or the Note Holders.

The LLC does not at this time have its own officers, directors, or employees. The Manager supervises and controls the business affairs of the LLC, locates investment opportunities for the LLC, raises capital for the LLC, administers the financial affairs of the LLC, and renders certain other services. The Manager, however, shall devote only such time to the LLC's affairs as may be reasonably necessary to conduct its business. The Manager, and/or its Affiliates and principals, may be a manager of other companies (some of which may directly compete with the business of the LLC) and have other business interests of significance. These conflicts are described in greater detail under "Conflicts of Interest" below.

***The LLC may make Loans to Affiliates of the Manager.***

The LLC may make Mortgage Loans, subordinate mortgage loans and/or unsecured loans to one or more of the Manager's Affiliates, and allocating the Manager's management time, services, and functions between such Affiliate and the LLC presents an inherent conflict of interest. The Manager, however, believes that it will have sufficient staff, consultants, independent contractors, and business managers to perform all necessary responsibilities to the LLC, while servicing the needs of any Affiliate who is a Borrower from the LLC. The LLC may further make preferred equity investments with Affiliates.

***Risk of Additional Investors***

The LLC is open-ended, which means it does not have restrictions on the amount of Units or Notes the LLC will issue. If demand is high enough, the LLC 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 to the Manager, its Affiliates, new Investors, or current Investors that choose to exercise their Reinvestment Option. As additional Units or Notes are issued, the increase in Units or Notes may reduce the amount the LLC has available to make distributions to any one Investor, as distributions will need to be distributed amongst more Units or Notes. The LLC intends to only accept additional capital to the extent it will result in additional yields sufficient to provide for the associated distributions, but the LLC 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 terms that are more or less favorable to the Note Holders than under the current Note Schedule. Since all Units and Notes are Pari Passu however, Investors that paid different amounts may be entitled to similar returns.

***Risks Related to Mortgage Loans and Real Estate Asset Based Model***

***General Real Estate Risks***

The LLC 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 LLC's real estate related investments. The performance and value of its investments once originated or acquired depends upon many factors beyond the LLC's control. The ultimate performance and value of the LLC's investments are subject to the varying degrees of risk generally incident to the ownership and operation of the properties in which the LLC invests and which collateralize or support its investments. The ultimate performance and value of the LLC's investments will depend upon, in large part, the Borrower's or the LLC's ability to operate any given property so that it produces sufficient cash flows necessary to pay the interest and principal due to the LLC on its Mortgage Loans and investments and/or to recover the LLC's equity investment in the case of REO. Revenues and cash flows may be adversely

affected by: changes in national or local economic conditions; changes in local real estate 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 within a particular local property market; competition from other properties 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; the ongoing need for capital improvements, particularly in older building structures; changes in real estate 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 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 environmental legislation and compliance with environmental laws; the impact of lawsuits which could cause the LLC to incur significant legal expenses and divert management's following: Other owner(s) of a Participation in such an Asset may have different ideas, motivations, or desired outcomes than the LLC which may give rise to disputes in how to manage such as Asset. There may be additional legal costs for Participations in event of default due to having multiple participants in the ownership of the Asset.

### ***Risks of Investing in Subordinated or Unsecured Loans***

Some of the LLC's investments may consist of subordinated Mortgage or unsecured 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 LLC as a holder of a subordinated mortgages or unsecured loan may be at the risk of realizing a loss of up to all of its investment before the senior debt will suffer any loss. Consequently, greater credit risks are usually attached to these 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 debt and cause them to default more quickly with than with respect to the Borrower's senior obligations. In most cases, the LLC'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 LLC's Investments are Illiquid in Nature***

Although some of the LLC's investments may generate current income, the illiquidity commonly associated with real estate investments may limit the LLC'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 LLC's investments. There can be no assurances that the fair market value of any property held by the LLC will not decrease in the future, leaving the LLC's investment relatively illiquid.

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

***Other Real Estate Related Risks***

The LLC's real estate related investments will be subject to the varying degrees of risk and significant fluctuations in their value. The value of the LLC's investments depends upon the real property owner's ability to repair or rehabilitate the property as projected, operate the real property in a manner sufficient to meet its commitments, including debt service, and/or maintain or increase revenues in excess of operating expenses or, in the case of real property leased to a single lessee, the ability of the lessee to make rental payments. 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 neighborhood characteristics; the financial condition of tenants, buyers, and sellers of properties; competition from other properties offering the same or similar services; changes in interest rates and in the availability, cost, and terms of mortgage LLCs; the impact of present or future environmental legislation and compliance with environmental laws; the ongoing need for capital improvements (particularly in older structures); changes in real estate 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 real property owners and the LLC. In the event that any of the properties underlying the LLC's investments experience any of the foregoing events or occurrences, the ability of the real property owner to pay the interest and principal on any debt securities would be negatively impacted.

***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.

Transactions originated or acquired by the LLC may be subject to state usury laws imposing maximum interest charges and possible penalties for violation, including restitution of excess interest and unenforceability of debt. The LLC intends to originate or acquire transactions which charge various rates of interest, and uncertainties in determining the legality of interest rates and other borrowing charges under some state statutes may result in inadvertent violations. Some state laws make it illegal to charge or collect interest at a rate exceeding a certain percentage rate per annum, unless the lender belongs to a class of regulated lenders such as banks, mortgage companies, or real estate brokers. It is expected that all loans made and acquired by the LLC will attempt to comply with state usury restrictions, if any; however, usury laws in the states where the LLC's investments are located may limit the ability of the LLC to charge interest and may create risk to the LLC and LLC principal.

***Digital Operations Risk***

DLPCA is nearly paperless, with all documents secured and managed digitally. DLPCA utilizes industry 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, DLPCA 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 LLC's financial condition and results of operations.

### ***Other General Risks of an Investment in the LLC***

#### ***Unspecified Investments***

The LLC has not identified the particular investments it will make. Accordingly, an Investor must rely upon the ability of the Manager in making investments consistent with the LLC's investment objectives and policies. Although the principals have been successful in locating investments in the past, the LLC 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 LLC's 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 real estate loans or direct real estate acquisition.

#### ***The LLC'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.

#### ***Reliance on Management***

The Manager will make all LLC management decisions, including LLC Asset selection. The LLC will be relying in large part on the Manager's acquisition expertise. The Manager may resign at any time with one-year notice to the Members without liability to the LLC or Manager.

Don Wenner is considered a Key Man. If Mr. Wenner were to leave the Manager, die, or become permanently disabled, the Manager's ability to continue the management of the LLC could be materially and adversely affected. Upon the death or permanent disability of Mr. Wenner, the Members shall have the right to approve a replacement Key Man by majority vote for a period of up to one year. If no replacement Key Man is appointed by the Members within the maximum one year period, the LLC shall permanently cease to make new investments and shall proceed with an orderly liquidation of its Assets.

The Manager further intends to be the beneficiary of life insurance policy on the life of Don Wenner in the minimum amount of \$1,000,000 within 6 months of the LLC's initial investment. The proceeds of such a policy is intended to provide the Manager with sufficient liquidity to be able to operate without duress while a new Key Man is identified and approved by the Members or to allow the LLC to proceed with an orderly liquidation of its Assets.

***Risk if Manager Withdraws or is Terminated***

The LLC presently only has one Manager. If the Manager, subject to its one-year notice requirement, withdraws from the LLC, is terminated by the Members, for cause or otherwise, or is terminated as Manager by dissolution or bankruptcy, it may be difficult or impossible for the Members of the LLC to locate a suitable replacement for the Manager. If it is unable to replace the Manager, the LLC would proceed with liquidating the LLC's Assets, which may or may not be able to be successfully executed.

***Risk of Litigation***

The LLC'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 LLC by third parties and paying any amounts pursuant to settlements or judgments would be borne by the LLC and would reduce net assets and could require the Partners to return distributed capital and earnings to the LLC. The General Partner, the Investment Manager, and their Affiliates will be indemnified by the LLC in connection with such litigation, subject to certain conditions.

***Lender Liability Risks Including Equitable Subordination***

In recent years, a number of judicial decisions in the U.S. have upheld the right of Borrowers to sue lending institutions on the basis of 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 LLC's investments, the LLC 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 LLC could be subject to claims from creditors of an obligor that the LLC's investments in debt obligations of such obligor should be equitably subordinated. Alternatively, in bankruptcy a court may re-characterize the LLC's claims or restructure the debt using "cram down" provisions of the bankruptcy laws.

***Risks Associated with a Changing Economic Environment***

As a result of the credit crisis and the occurrence of several high profile bankruptcies, recent government bailouts, bank failures, other negative corporate events, and certain other recent events, the financial markets have been disrupted in general and the availability and cost of capital for the LLC and that of the LLC's competitors have been adversely affected. The achievement of the LLC's targeted rate of return is dependent, at least in part, upon the LLC's ability to access capital at rates and on terms the Manager determines to be acceptable. If the LLC's ability to access capital becomes significantly constrained, the LLC's financial condition and future investments may be significantly adversely affected.

***Risks of Uninsured Losses***

The LLC will require that all Assets are insured against hazard. 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 LLC. 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 LLC Assets and Redeployment of Cash***

There is a risk that when LLC Assets are paid off, there may not be sufficient quality opportunities to immediately redeploy the proceeds received from these payoffs into new LLC Assets. If the LLC is unable to locate new Assets in a timely manner, the excess cash may water down the overall yield to the LLC or the Manager may choose to repay Investors a portion or all of their Capital Account earlier than expected.

***Competition for LLC Assets***

The business and arena in which the LLC is engaged is highly competitive, and the LLC and Manager compete with numerous established entities, some of which have more financial resources and experience in the business than the LLC or Manager. The LLC and Manager expect to encounter significant competition from other market participants including private lenders, private equity LLC managers, real estate developers, pension LLCs, 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 LLC. Any general increase in the availability of capital for such purposes may increase competition for LLC Assets and could reduce the yields they produce, including those of the LLC.

***Risk of Loss of LLCs in Money Market Account***

The LLC intends to place all its cash which is not otherwise invested in LLC 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 LLC'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 of 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 LLC 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 LLC and the Manager would face severe financial demands, which would adversely affect the LLC.

***Absence of Regulatory Oversight***

While the LLC 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 of 1940 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 LLC. In addition, the Manager is not registered as an investment adviser under the Investment Advisers Act of 1940 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.

***Risk That the LLC May Become Subject to the Provisions of the Investment Company Act of 1940.***

The LLC intends 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 LLC's flexibility, and create additional financial and administrative burdens on the LLC. The LLC believes it can avoid these restrictions based on one or more exemptions provided for companies like the LLC. Specifically, the LLC expects to be exempted from registration under the Investment Company Act because the LLC will not make a public offering of the Units and the LLC will be primarily engaged in purchasing or acquiring mortgages and other liens on, and interests in, real estate as determined under exemptions from the Investment Company Act and rules issued thereunder. Accordingly, the LLC does not expect to be subject to the restrictive provisions of the Investment Company Act. However, the SEC has recently indicated that it may seek to narrow the exemption from registration for entities engaged in purchasing or acquiring mortgages and other liens on real estate. If the LLC 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 LLC.

Though the Manager does not intend to register under the Investment Advisers Act, it may be required to register under one or more state investment adviser acts ("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 AUM 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.

***Risk that the Manager May Become Subject to the Provisions of the Investment Advisers Act of 1940***

The Manager has not registered as an investment adviser under the Investment Advisers Act of 1940 (the "Investment Advisers Act") and intends to operate so as to not be required to register as an investment adviser with the SEC for as long as possible (based upon certain exemptions thereunder). Specifically, investment advisers are not required to register under the Investment Advisers Act so long as they have less than \$110 million in AUM, and the Manager expects to be further exempted from registration so long as the Manager has less than \$150 million in AUM based on the fact that it is a manager to a real estate LLC that is a qualifying private LLC exempt from registration under the Investment Company Act. 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 LLC.

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

The Investment Company Act excludes 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 LLC 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 LLC's assets consist of (1) mortgages and other liens on or interests in real estate; and (2) the remaining percentage of the LLC's assets consist primarily of real estate related assets, the LLC will remain exempt from the Investment Company Act registration requirements. Because the LLC is relying on an exemption that is dependent on the nature of the LLC's investment holdings, the Manager may need to consider such restrictions when assessing a potential investment for the LLC, and may decide not to pursue an asset because such asset would jeopardize the LLC's use of the exemption, as opposed to whether or not the asset would otherwise be a sound investment for the LLC.

***Recent and Anticipated Legislative and Regulatory Activity***

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 LLC 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 LLC's investment strategy and may otherwise have an adverse impact on the LLC's returns. Compliance with such new or modified laws, rules, and regulations may also increase the LLC's expenses and therefore, may adversely affect the LLC'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 LLC, and it is possible that such impact could be adverse and material.

***Indemnification***

The LLC will be required to indemnify the Manager and certain affiliated persons and entities of the Manager for liabilities incurred in connection with the affairs of the LLC. Such liabilities may be material and have an adverse effect on the returns to the Members and Note Holders. The indemnification obligation of the LLC will be payable from the assets of the LLC, and Investors may be required to return certain amounts distributed to them to LLC the indemnity obligations of the LLC.

***Risks Specific to Members***

***Risk that the Stated Value of Individual LLC Assets is Incorrectly Determined by the Manager***

The Manager will develop and utilize a consistent methodology to calculate the Stated Value of each individual LLC Asset on an ongoing basis, typically calculating this Stated Value for each LLC Asset at the time of origination or 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 LLC Assets, historical data and trends

from actual sales, disposition, or performance of LLC Assets, cash balances (in the case of cash Assets), and other such methodologies generally used and accepted in the market. This being said, the determination of Stated Value of any given LLC Asset may be highly subjective and may change continuously on an ongoing basis. There is no guarantee that any Stated Value as determined by the Manager of one or more of the LLC Assets is an accurate representation of the true current value of any LLC Asset and as such, the Unit Price may not fairly represent the then current true value of the Units. Furthermore, the Manager may be subject to certain conflicts of interest in determining the Stated Value since such Stated Value will be the basis for the calculation of its management fees.

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 LLC. The Manager shall make all determinations as to Stated Value of the LLC Assets in its sole discretion.

***Risk that the Price Charged for a Unit does not Reflect its Value***

The price at which the LLC will offer Units pursuant to the Offering, and the price at which a Member will purchase additional Units under the Reinvestment Option, will fluctuate based on the collective Stated Value (see immediately above) of all of the individual LLC 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 of the Assets by the total number of outstanding Units. Because the Stated Value of any given LLC 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 if the Assets were sold in a secondary market. 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 / Restrictions on Withdrawal of Member Capital***

Members will be required to hold their Units for a minimum of **1 year** (the “Lockup Period”) before they may request Redemption. 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 penalty (the “Redemption Fee”) up to 5% of the then current Unit Price.

After the Lockup Period, Redemption requests will be considered on a first come, first served basis. Members will have the right to request a Redemption at any time. A Member shall be required to provide the Manager a 90-day notice for any Redemption request. 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 the Units for which the Reinvestment Units are associated.

The Manager shall have no obligation to grant any particular Redemption request and shall retain sole discretion as to whether or not 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.

All of the above parameters notwithstanding, the Manager will endeavor to manage the Fund in such a manner as to be able to accommodate Redemption requests at any time after the Lockup Period as consistently as possible. If any redemption request is not completed within 180 days of request, the manager shall be restricted from making new loans until the redemption has been made in full.

### ***Restrictions on Transfer of Units***

The Units are restricted as to transfer under the state and federal tax and securities laws. In order to preserve the LLC's status as a limited liability company and prevent taxable status as a corporation, Members will not be free to sell or transfer Units 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. To comply with applicable tax and securities laws, the Manager may refuse advice to consent to a transfer or assignment of Units.

### ***Rights of Members are Restricted***

No Member can exercise control over the LLC'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 by a vote of the holders of 80% of the Ownership Interest and, upon a vote of 60% of the Ownership Interest, elect a successor Manager;
- If the Manager otherwise wishes to withdraw with appropriate notice to the Members, elect a successor Manager by a vote of a majority of Ownership Interest; and
- Dissolve and terminate the LLC by a vote of the holders of 80% of the Ownership Interest.

### ***Risks Specific to Note Holders***

#### ***Risk of Failure to Notify Manager of Desire to Cash-Out at Maturity***

The Note Holder shall have responsibility for notifying the Manager of its desire to cash-out its Note. No later than 60 days prior to the Maturity Date, a Note Holder shall notify the Manager of Note Holder's desire to cash-out and receive payment of outstanding principal and interest upon the Maturity Date. If the Note Holder does not provide the 60 day Cash-Out Notice, the Note upon the Maturity Date will automatically extend at the Note rate less 1% until either (i) the Note Holder notifies the LLC that it wishes for the outstanding balance of the Note to be rolled over into a new Note, 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.

#### ***Risk of 90-Day Continuance at Election of the LLC***

The LLC may not be able to repay the principal balance of a Note at its Maturity Date. The LLC shall have the right, upon receipt of 60 days Cash-Out Notice, to continue to make interest payments on a monthly basis to the Note Holder at the existing Note Rate plus 1% for up to 90 days beyond the Maturity Date without such continuation constituting an Event of Default.

### ***Notes are not Liquid***

An investment in the Notes is intended as an illiquid investment, and Notes are only repurchased or repayable early upon the written consent of the Manager, which may be withheld in its sole discretion. An Early Repayment Fee up to 5% 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, per the original executed Note Schedule, 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 LLC in respect of the Notes, any Security, and any collections in connection with the foreclosure of such Security shall be Pari Passu and no Note Holder shall have any priority over the other; provided further, that any such payments, Security, and/or collections received by any Note Holder, other than such payments, Security, and collections that are received by all Note Holders on a pro rata basis, shall be paid by such Note Holder to the Representative, to be held in trust for the benefit of all Note Holders.

The Representative shall initially be the Manager, and the Manager shall retain the right to select and appoint successor Representatives. The Representative shall have the authority to sign all documents, and take any action necessary to protect each Note Holder's Pari Passu rights in the Security. 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 Security, institute any action or proceeding to collect or enforce the Notes, commence or cause to be commenced any bankruptcy or similar proceeding against the LLC, or commence or exercise any other right to remedy against the LLC. The Note Holder shall execute the Intercreditor Agreement as part of the documents, prior to acceptance by the Manager. By doing so, all Note Holders shall be treated equally with respect to their rights of payment.

### ***Note Holders Have No Right to Vote or to be Involved in Management***

Note Holders cannot exercise any control over the LLC's affairs and will not have any vote or influence over the LLC, its investment policies, or any of its operations. The Manager will exercise complete control over the LLC, subject to those limited items which the Members shall 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 of the Note Holders. The Operating Agreement also provides that in its sole discretion, the Manager may withdraw from the LLC at any time with one year notice, which may result in the LLC's dissolution if a replacement is not named within such period.

### ***Power of Attorney***

Pursuant to the Intercreditor Agreement and the 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 Subscription Agreement and the Intercreditor Agreement.

The Note Holder will further authorize the Representative to take any further action which the Representative shall 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 shall 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 any and 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 LLC 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 LLC and the IRS concerning the tax issues involved in any investment in the LLC. The IRS may do any of the following:

- Examine the investment in the LLC 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 LLC.
- Review the federal income taxation rules involving the LLC and any investment in it, and issue revised interpretations of established concepts.
- Scrutinize the proper application of tax laws to the LLC, including a comprehensive audit of the LLC at any time. The LLC does not expect to fall under the reporting requirements for tax shelters, as the LLC does not have the avoidance or evasion of Federal income tax as a significant purpose. If the LLC borrows significant sums and incurs significant losses, however, the LLC 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 LLC's taxes.

The LLC will:

- Defend any investigation by any state agency that seeks to make adverse tax adjustments to the LLC. 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 LLC'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 LLC.

### **CONFLICTS OF INTEREST**

The LLC is subject to various conflicts of interest arising out of its relationship with the Manager. None of the agreements and arrangements between the LLC and the Manager, including those relating to compensation, resulted from arm's length negotiations. In addition, no assurances can be made that other conflicts of interest will not arise in the future. These conflicts of interest include, but are not limited to, the following:

#### ***Receipt of Management Fee by the Manager***

The Manager will be paid the Management Fee, as a percentage of AUM, which is based on the Stated Value of the LLC Assets (as determined by the Manager). Such Management Fee is intended to compensate the Manager for its services and was not negotiated on an arm's length basis. Since absent the existence of a Management Fee, Members might receive a higher rate of return, the interests of the Manager and the Investors are adverse in this respect.

***Receipt of Other Asset Level Fees by the Manager and its Affiliates***

The Manager and/or Affiliates may charge reasonable, market-based loan origination, extension, processing, underwriting, and inspection fees in connection with services provided in connection with the business of the LLC. Direct Lending Partner may receive fees in connection with the origination of mortgage loans. DLP Realty may receive compensation in the form of commissions paid through the closing of the purchase or sale of a LLC Asset. DLP Construction may receive compensation from the construction and project management services it provides to LLC Borrowers or the LLC directly for properties it acquires through foreclosure. Alliance Property Transfer, LLC may receive compensation for title related services it provides to LLC Borrowers and/or the LLC directly. All fees and compensation paid to Affiliates shall be market-based and commercially reasonable at all times.

***Manager Additional Compensation (EDC Participation)***

Since the Manager shall receive substantial additional compensation once Members have received their Preferred Return, the Manager may have incentive to invest in riskier opportunities that it might believe would produce a greater return, a portion of which the Manager would keep. Since this potential additional return might result in additional risk and exposure, the interests of the Manager and Investors may be adverse in this respect. The potential additional return may also encourage the Manager to cause the LLC to make distributions when it might otherwise reinvest in LLC Assets.

***Competition by the LLC with Other Affiliated Companies***

The Manager and its members may engage for their own accounts or for the accounts of others in other business ventures, including other public or private limited partnerships or limited liability companies. Neither the LLC nor any holder of a Unit or Note issued by the LLC is entitled to an interest therein. The Manager's members may invest in real estate or other activities similar to those of the LLC for their own accounts, and expect to continue to do so. The LLC's investment objectives and underwriting criteria may differ substantially from those of additional real estate investment programs sponsored by the Manager. The above notwithstanding, the Operating Agreement requires the Manager to give the LLC the ability to take advantage of any potential investment (each an "Opportunity") that is competitive with the LLC (as determined by the Manager) prior to the Manager taking that Opportunity itself. Factors the Manager may consider in determining whether an Opportunity is competitive include, but are not limited to, whether the Opportunity meets the LLC's underwriting criteria, whether it is consistent with the Investment Objectives of the LLC, and whether the LLC has sufficient financial resources at the time to accommodate the Opportunity.

The Manager and its members may be members or managers of other entities which have investment objectives that have some similarities to the LLC, which may cause the Manager's members to pursue investments that are competitive with those of the LLC. However, the decision as to the suitability of the investment by the LLC will be determined by the Manager in its sole discretion and will be based upon a review of the LLC's investment portfolio and upon factors including but not limited to such as property

location, investment size, net income, the effect of the investment on diversification of the LLC's portfolio, and the amount of LLC capital then available for investment.

***Other Investments***

Personnel of the Manager and its respective Affiliates involved in managing and executing responsibilities of the Manager may have investments in other LLCs or accounts and real estate interests sponsored by or affiliated with the Manager as well as investments in non-affiliates. The performance of and financial returns on such other investments may be at odds with those of the LLC.

***Diverse Membership***

The Investors may include taxable and tax-exempt persons and entities and may include persons or entities organized in various jurisdictions including foreign investors. As a result, conflicts of interest may arise in connection with decisions made by the Manager that may be more beneficial for one type of Member than for another type of Member. In addition, the Manager may make investments for the LLC that may have a negative impact on other investments made by certain Investors in separate transactions. In selecting investments appropriate for the LLC, the Manager will consider the investment objectives of the LLC as a whole, not the investment, tax, or other objectives of any Member individually.

***Broker/Dealer Representatives may receive Equity in the Manager or other Compensation***

In connection with this Offering, the Manager may employ one or more licensed Broker/Dealer and/or Registered Investment Advisors ("RIA") to locate interested Investors. Therefore, it may be in a Broker/Dealer and/or RIA's best interest to sell the Units to Investors, and that Broker/Dealer and/or RIA may potentially not have the Investor's best interests in mind. Additionally, if the Broker/Dealer and/or RIA were given an equity interest in the Manager, a portion of the Management Fee paid by the LLC would be paid to the Broker/Dealer and/or RIA.

***Lack of Separate Representation***

The Manager and LLC are not represented by separate counsel. The attorneys and other experts who have prepared the documents for this Offering also perform other services for the Manager. This representation will continue.

***Manager as Member and Note Holder***

The Manager is a Member of the LLC and from time to time may invest additional amounts in the LLC. Any further investment by the Manager will be made according to the then prevailing Unit Price and Note Schedule and otherwise be in such form and in such amount as determined by the Manager in its sole discretion, without notice or approval of the other Members or Note Holders. The Manager may also determine to have the LLC accept its investment while rejecting the investments of others (though it does not intend to do so). As additional Units or Notes are issued, the increase in Units or Notes may reduce the amounts the LLC has available to make distributions to other Investors, as distributions will need to be distributed amongst more Units or Notes. In addition, the Manager will be eligible to have the same rights to request the LLC to redeem its Units or Notes as any other Member. Any such Redemption may reduce the amount of LLCs available for the redemption or repayment of other Investors' interests.

Furthermore, while the Manager in its capacity as Manager or Representative is obligated to consider the interests of the Members and Note Holders as a whole, the Manager may vote in its capacity as a Member

or Note Holder without considering the interests of the other Note Holders. The interests of the Manager in its capacity as a Member or Note Holder may be adverse to the interests of other Members or Note Holders.

### ***Manager as a Borrower***

The Manager may also be a Manager or member of Affiliated and/or non-affiliated entities which may from time to time, become borrowers of the LLC. Accordingly, there may be instances wherein the Manager is an indirect borrower of the LLC.

### ***Manager as Manager and Representative***

The Representative shall initially be the Manager, and the Manager shall retain the right to select and appoint successor Representatives. The Representative shall have the authority to sign all documents and take any action necessary to protect each Note Holder's Pari Passu rights in the Security. 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 Note or the Security, institute any action or proceeding to collect or enforce the Notes, commence or cause to be commenced any bankruptcy or similar proceeding against the LLC, or commence or exercise any other right to remedy against the LLC. To the extent that the Manager of LLC is also the only party with the authority to take enforcement action against the LLC in the event of a default under the Notes, the interests of the Manager and Representative may not be consistent with the interests of the Note Holders.

### ***Indemnification***

Pursuant to the Operating Agreement, the LLC will indemnify its Manager and any of its Affiliates, agents, or attorneys from any action, claim, or liability arising from any act or omission made in good faith and in performance of its duties under the Operating Agreement. If the LLC becomes obligated to make such payments, such indemnification costs would be paid from LLCs that would otherwise be available to distribute to Investors or invest in further LLC Assets. To the extent these indemnification provisions protect the Manager and its Affiliates, agents, or attorneys at the cost of the Investors in the LLC, a conflict of interest may exist.

### ***Other Services or Potential Compensation***

The LLC may engage Affiliates of the Manager to perform services for and on behalf of the LLC and the LLC may, in connection with such services, pay to such Affiliates brokerage commissions and fees, property management fees, and other compensation. Affiliates of the LLC may receive commissions or fees from unrelated third parties with whom the LLC is purchasing or selling a real property asset or engaging in another transaction and, that in such event, such Affiliate may have a potentially conflicting division of loyalties and responsibilities regarding the LLC and the other parties to the transaction.

## **TAX ASPECTS OF THE OFFERING**

**THE TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE MEMBERSHIP INTERESTS AND/OR THE NOTES ARE SIGNIFICANT AND COMPLEX. IT IS IMPOSSIBLE FOR ANY MEMORANDUM SUCH AS THIS TO**



**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.**

**THEREFORE, ALL PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR INDIVIDUAL TAX ADVISORS WITH RESPECT TO THE TAX RAMIFICATIONS OF ANY INVESTMENT IN, OR HOLDING OF, ANY SECURITY OF THE LLC.**

**THIS LLC IS NOT A TAX-ORIENTED INVESTMENT. AN INVESTMENT IN THE NOTES WILL NOT REDUCE THE CUMULATIVE TAX LIABILITY OF ANY INVESTOR.**

**SPECIAL NOTICE AND DISCLAIMER:  
U.S. Partnership Tax Audit Risk**

Under current law, the LLC, 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 LLC are audited by the IRS, the tax treatment of the LLC's income and deductions generally is determined at the LLC 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.

The Bipartisan Budget Act of 2015 ("BBA"), changed many of the rules relating to the Tax Matters Member or Partnership Representative and their representation of the entity (in this case the LLC) with respect to all tax matters. Specifically, under the general rule imposed under new legislation, an audit adjustment of the LLC'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 LLC 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 LLC 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 LLC partnership items that were adjusted.

To mitigate the potential adverse consequences of the general rule, the LLC may be able to elect to pass through such audit adjustments for any year to the Members who were partners in the LLC for the Filing Year (instead of those who are partners/members in the Adjustment 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. The ramifications of the BBA changes to the audit procedures and rules could be significant, and prospective investors are strongly encouraged to consult with competent and experienced tax advisors and counsel with respect to the BBA changes, before making an investment in the LLC.

**AS REQUIRED BY U.S. TREASURY REGULATIONS GOVERNING TAX PRACTICE, YOU ARE HEREBY ADVISED THAT ANY WRITTEN TAX ADVICE CONTAINED HEREIN WAS NOT WRITTEN OR INTENDED TO BE USED (AND CANNOT BE USED) BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE OF THE UNITED STATES; THE ADVICE WAS PREPARED TO SUPPORT THE PROMOTION OR MARKETING OF TRANSACTIONS OR MATTERS ADDRESSED BY THE WRITTEN ADVICE; AND PROSPECTIVE INVESTORS REVIEWING THIS DISCUSSION SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE U.S. FEDERAL, STATE, AND LOCAL INCOME TAX CONSEQUENCES IN THEIR**

**PARTICULAR SITUATIONS OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF INTERESTS, AS WELL AS ANY CONSEQUENCES UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.**

**ERISA CONSIDERATIONS**

In considering the acquisition of Units or Notes to be held as a portion of the assets of an “employee benefit plan” within the meaning of Section 3(3) of ERISA (“a Benefit Plan” or “Plan”), a Plan fiduciary, taking into account the facts and circumstances of such trust, should consider, among other things: (a) the effect of the “Plan Asset Regulations” (Labor Regulation Section 2510.3-101) including potential “prohibited transactions” under the Code and ERISA; (b) whether the investment satisfies the “exclusive purpose,” “prudence,” and “diversification” requirements of Sections 404(a)(1)(A),(B) and (C) of ERISA; (c) whether the investment is a permissible investment under the documents and instruments governing the plan as provided in Section 404 (a)(1)(D) of ERISA; (d) the Plan may not be able to distribute Units to participants or beneficiaries in pay status because the Manager may withhold its consent; and (e) the fact that no market will exist in which the fiduciary can sell or otherwise dispose of the Units and the LLC has no history of operations. The prudence of a particular investment must be determined by the responsible fiduciary with respect to each employee benefit plan, taking into account the facts and circumstances of the investment.

Any Investor that invests LLCs belonging to a qualified retirement plan or IRA 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 LLC. 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 LLC.

**ADDITIONAL INFORMATION AND UNDERTAKINGS**

The Manager undertakes to make available to each offeree every opportunity to obtain any additional information from the LLC or the Manager necessary to verify the accuracy of the information contained in this Memorandum, to the extent that it possesses such information or can acquire it without unreasonable effort or expense. This additional information includes, without limitation, all the organizational documents of the LLC, recent financial statements for the Manager and all other documents or instruments relating to the operation and business of the LLC and material to this Offering and the transactions contemplated and described in this Memorandum.