

SUBSCRIPTION AGREEMENT

of

FORTUNATO CAPITAL PARTNERS, LLC

A California limited liability company

By completing and executing this Subscription Agreement (this "Agreement"), the undersigned purchaser ("Purchaser") hereby subscribes: (i) to become a Member in **FORTUNATO CAPITAL PARTNERS, LLC** (the "LLC") and to purchase Membership Units in the LLC, and/or (ii) to purchase certain promissory notes (the "Notes") that are secured obligations of the LLC, by investing the amount indicated below, all in accordance with the terms and conditions of this Agreement, the Amended and Restated Limited Liability Company Operating Agreement of the LLC effective as of May 2, 2016 (as amended, restated and supplemented or otherwise modified from time to time in accordance with its terms, the "Operating Agreement"), the Private Placement Memorandum of the LLC dated as of May 2, 2016 (as amended, restated and supplemented or otherwise modified from time to time, the "Memorandum"), and in the case of the purchase of the Notes, the form of Mortgage-Backed Note and Collateral Security Agreement (the "Note"), the Custodial Agreement and the Intercreditor Agreement. All capitalized terms used herein, but not defined herein, shall have the meanings ascribed to them in the Operating Agreement.

PLEASE MAKE CHECK PAYABLE TO FORTUNATO CAPITAL PARTNERS, LLC AND MAIL THIS COMPLETED AND SIGNED AGREEMENT AND SUPPORTING DOCUMENTS TO: 16441 Scientific Way, Suite 250, Irvine, CA 92618. If Purchaser prefers to wire funds, please complete and submit this Agreement, and such Purchaser will be contacted with wire transfer instructions.

1. SUBSCRIPTION FOR MEMBERSHIP UNITS AND/OR NOTES:

AMOUNT OF INVESTMENT IN MEMBERSHIP UNITS (minimum purchase amount: \$50,000):

\$ _____

AMOUNT OF INVESTMENT IN NOTES (minimum purchase amount: \$50,000):

\$ _____

EXACT NAME OF PURCHASER(S): _____

PURCHASER(S)' ADDRESS: _____

PURCHASER(S)' PHONE NUMBER: _____

PURCHASER(S)' EMAIL: _____

The Manager of the LLC reserves the right to accept or reject all or any portion of any subscription, or to accept subscriptions in a lesser amount or require a higher amount, in its sole discretion.

2. FORM OF OWNERSHIP: Please indicate the form of ownership in which Purchaser will hold title to the Membership Units and/or Notes. Purchaser should seek the advice of counsel, accountants, and/or tax advisors in deciding the form of ownership because different forms of ownership can have varying gift tax, estate tax, income tax and other consequences.

Check one:

- INDIVIDUAL OWNERSHIP
- COMMUNITY PROPERTY
- JOINT TENANTS WITH RIGHT OF SURVIVORSHIP
- TENANTS IN COMMON
- GENERAL PARTNERSHIP
- LIMITED PARTNERSHIP
- CORPORATION
- LIMITED LIABILITY COMPANY
- TRUST
- IRA OR KEOGH PLAN
- PENSION, PROFIT SHARING PLAN, RETIREMENT TRUST OR OTHER EMPLOYEE BENEFIT PLANS

3. IDENTIFYING INFORMATION:

(a) FOR INDIVIDUAL PURCHASER ONLY:

Name of Purchaser: _____

Social Security No.: _____ - _____ - _____ Date of Birth: ____/____/____

If applicable, please enter a State for the following:

Residence other than above: _____

(b) FOR FAMILY TRUST PURCHASER ONLY:

Exact name of Family Trust: _____

Federal Tax Identification No.: _____

Address (including City, State, and Zip): _____

(c) FOR CORPORATE, PARTNERSHIP, OR OTHER BUSINESS ENTITY PURCHASER ONLY:

Name of Entity: _____

Federal Tax Identification No.: _____

State and date of incorporation: _____

Fiscal year end: _____

Principal place of business: _____

Phone number of business: _____

What is the entity's net worth, on a consolidated basis, according to its most recent audited financial statement? _____

(d) FOR IRA, KEOGH, PENSION PLAN, OTHER RETIREMENT PLAN OR OTHER EMPLOYEE BENEFIT PLAN ONLY:

Exact Name of the Plan: _____

Name(s) of the Trustee(s): _____

Trustee's State Residency: _____

Federal Tax Identification No.: _____

State and date of organization: _____

4. INVESTOR SUITABILITY STANDARDS. Purchaser, on behalf of himself, herself, or the entity or trust purchasing the Membership Units and/or Notes, represents, warrants, and agrees that Purchaser meets the LLC's investor suitability standards because such Purchaser meets the requirements set forth in the checked option below (check the one that applies):

(a) _____ Any natural person who had an individual income in excess of Two Hundred Thousand Dollars (\$200,000) in each of the two (2) most recent years or joint income with that person's spouse in excess of Three Hundred Thousand Dollars (\$300,000) in each of those years and who has a reasonable expectation of reaching the same income level in the current year.

(b) _____ Any natural person whose individual net worth or joint net worth with that person's spouse at the time of their purchase of the Membership Units and/or Notes exceeds One Million Dollars (\$1,000,000), excluding the purchaser's home.

(c) _____ Any bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); any insurance company as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company (SBIC) licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of Five Million Dollars (\$5,000,000); any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of Five Million Dollars (\$5,000,000) or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors;

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

(e) _____ Any organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars (\$5,000,000);

(f) _____ Any director or executive officer, or general partner of the LLC, or any director, executive officer, or general partner of a general partner of the LLC;

(g) _____ Any trust, with total assets in excess of Five Million Dollars (\$5,000,000), not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 506(b)(2)(ii) of Regulation D adopted under the Securities Act; or

(h) _____ Any entity in which all the equity owners are Accredited Investors (supply the documents for individual investors in (a) or (b) above, as applicable).

5. BENEFIT PLAN MATTERS.

(a) Please indicate whether Purchaser is, or is acting on behalf of, (i) an “employee benefit plan” within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) that is subject to Title I of ERISA, (ii) a “plan” as defined in Section 4975(e)(1) of the Code, including without limitation, an individual retirement account, that is subject to Section 4975 of the Code, (iii) an entity whose underlying assets include plan assets by reason of a plan’s investment in such entity or (iv) an entity that otherwise constitutes a benefit plan investor within the meaning of Section 3(42) of ERISA (“Benefit Plan Investor”) and the Department of Labor Regulation, 29 C.F.R. Section 2510-3101 (the “Plan Assets Rules”) (each of (i), (ii), (iii) or (iv), “a Benefit Plan Investor”).

Yes _____ No _____

(b) If Purchaser checked “Yes” to the above question, please check all boxes that describe Purchaser or the entity that Purchaser is acting on behalf of:

- an “employee benefit plan” within the meaning of Section 3(3) of ERISA or a “plan” as described in Section 4975(e) of the Code that is subject to Title I of ERISA or Section 4975 of the Code (*e.g.*, a 401(k) plan).
- an individual retirement account (IRA) or an individual retirement annuity.
- an entity or fund whose underlying assets include “plan assets” by reason of a plan’s investment in such entity (*e.g.*, an insurance company separate account or an entity in which 25% or more of a class of equity interest is held by Benefit Plan Investors (calculated in accordance with the Plan Assets Rules)). Please indicate for the entire period in which Purchaser will hold the Membership Units and/or Notes, the maximum percentage of the investment that will constitute “plan assets” as defined in Section 3(42) of ERISA: _____%. A Purchaser that cannot provide the foregoing percentage hereby acknowledges that for purposes of determining whether Benefit Plan Investors own less than 25% of each class of equity interests of the LLC, 100% of the investment shall be treated as “plan assets”.

an insurance company general account, the underlying assets of which include “plan assets.” Please indicate for the entire period in which Purchaser will hold the Membership Units and/or Notes, the maximum percentage of the general account that will constitute “plan assets” for purposes of Title I of ERISA: _____%. A Purchaser that is an insurance company acting on behalf of its general account that cannot provide the foregoing percentage hereby acknowledges that for purposes of determining whether Benefit Plan Investors own less than 25% of each class of equity interests of the LLC 100% of the assets of its general account shall be treated as “plan assets.”

Other:

(c) Please indicate whether Purchaser is a person who has discretionary authority or control with respect to the assets of the LLC, or any person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of such person (hereinafter, a “Controlling Person”).

Yes _____ No _____

(d) If Purchaser checked “Yes” to Section 5(a) above, please acknowledge the following:

With respect to the transfer of the Membership Units and/or Notes to Purchaser or to a subsequent transferee, as applicable, Purchaser hereby represents and warrants and each such transferee will be required to represent and warrant that either (i) it is not (and is not acting on behalf or using the assets of) (A) an “employee benefit plan” subject to ERISA, (B) a “plan” subject to Section 4975 of the Code, or (C) an entity whose underlying assets include “plan assets” by reason of a plan’s investment in the entity or (ii) it is an entity described in (i) and the purchase, holding and disposition of the Membership Units and/or Notes will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available. Any purported transfer of any Membership Units and/or Notes to a Purchaser or subsequent transferee, as applicable, that does not comply with the requirements of this provision may be voided by the Manager.

_____ Please check to acknowledge the above.

(e) If Purchaser, or the entity for which Purchaser is acting, is an insurance company acting on behalf of its general account, the underlying assets of which include “plan assets,” or an entity whose underlying assets include “plan assets” by reason of a Benefit Plan Investor’s investment in the entity, Purchaser hereby covenants that if, after its initial acquisition of the Membership Units and/or Notes, at any time during any calendar quarter, the percentage of the assets of such general account or investment (as reasonably determined by Purchaser) that constitute “plan assets” for purposes of Title I of ERISA or Section 4975 of the Code exceeds the

maximum percentage limit set forth above in Section 5(b), then such Purchaser shall promptly notify the Manager of such circumstance and the Manager may require Purchaser to dispose of all or a portion of the Membership Units and/or Notes by the end of the following calendar quarter.

_____ Please check to acknowledge the above.

(f) Purchaser acknowledges that for purposes of determining whether Benefit Plan Investors hold less than twenty-five percent (25%) of the value of each class of equity interest of the LLC, the value of any equity interest of the LLC held by Controlling Persons that are not Benefit Plan Investors will be disregarded. Purchaser acknowledges that, unless specifically allowed by the Manager, no purchase of the Membership Units and/or Notes by or proposed transfer of any Membership Units and/or Notes to a person that has represented that it is a Benefit Plan Investor within the meaning of the Plan Assets Rules or to a Controlling Person will be permitted to the extent that such purchase or transfer would result in persons that have represented that they are Benefit Plan Investors owning 25% or more of the outstanding Membership Units and/or Notes immediately after such purchase or proposed transfer (such percentage determined in accordance with the Plan Assets Rules).

_____ Please check to acknowledge the above.

(g) Purchaser acknowledges that the foregoing representations in this Section 5 shall be deemed made on each day from the date Purchaser makes such representations through and including the date on which such Purchaser disposes of the Membership Units and/or Notes. Purchaser understands and agrees that the information supplied above and in this Agreement, will be utilized and relied upon by the Manager to determine whether Benefit Plan Investors own less than 25% of any class of equity interest of the LLC, both upon the original issuance of the Membership Units and/or Notes and upon any subsequent transfer of any equity interest in the LLC, including, without limitation, the Membership Units and/or Notes for any reason. Purchaser (or Purchaser on behalf of a beneficial owner) covenants and agrees that it will promptly notify the Manager of any change in its status which affects its representations as set forth above and that the Manager may require Purchaser to dispose of all or a portion of the Membership Units and/or Notes by the end of the following calendar quarter.

_____ Please check to acknowledge the above.

6. INVESTMENT COMPANY ACT MATTERS. Please answer the following questions for purposes of determining Purchaser's status under the Investment Company Act of 1940, as amended (the "Investment Company Act"):

(a) Purchaser is one of the following:

(i) an “investment company,” as defined in Section 3(a) of the Investment Company Act, registered or required to be registered under the Investment Company Act;
or

(ii) a “business development company,” as defined in Section 2(a)(48) of the Investment Company Act.

_____ True _____ False

(b) Purchaser would be an “investment company” under Section 3(a) of the Investment Company Act except that Purchaser relies on an exception from that definition provided by either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

_____ True _____ False

(c) If the answer to Section (6)(a) or 6(b) above is “True”, Purchaser’s investment in the LLC is less than ten percent (10%) of the LLC’s net asset value (leave blank if the answers to Section 6(a) and (6)(b) above are “False”).

_____ True _____ False

If the answer to this Section 6(c) is “False”, the number of direct or indirect beneficial owners of Purchaser’s securities as interpreted under the Investment Company Act (other than short-term paper, as such term is interpreted under the Investment Company Act) is _____ (please specify an exact number; leave blank if the answer to this Section 6(c) is “True” or blank).

If at any time during the term of the LLC any statement in Section 6 (a) through 6(c) above shall no longer be accurate if made at such time, Purchaser shall immediately notify the Manager.

(d) Purchaser was not formed or reformed for the purpose of acquiring Membership Units and/or Notes in the LLC.

_____ True _____ False

(e) Purchaser’s commitment to the LLC is less than forty percent (40%) of Purchaser’s assets (including committed capital).

_____ True _____ False

(f) Purchaser is not managed as a device for facilitating individual investment decisions of its beneficial owners, but rather is managed as a collective investment vehicle (i.e., no beneficial owner of Purchaser has individual discretion over his, her or its investments).

_____ True _____ False

(g) The governing documents of Purchaser require that each beneficial owner of Purchaser participates in all of Purchaser’s investments and no beneficial owner of Purchaser has the right to “opt out” of an investment.

_____ True _____ False

(h) No beneficial owner of Purchaser may vary (on an investment-by-investment basis) the percentage of its contributions to Purchaser for investments made by or on behalf of Purchaser or the percentage of its profits and losses from such investments.

_____ True _____ False

7. ELECTION TO RECEIVE MONTHLY CASH DISTRIBUTIONS OR ALLOW DISTRIBUTIONS TO BE REINVESTED—MEMBERSHIP UNITS ONLY. The Purchaser elects to (select one of the following provisions):

(a) _____ Receive monthly cash distributions from the LLC in the amount of Purchaser's share of Preferred Return available for distribution; or

(b) _____ Allow all monthly distributions to be reinvested for additional Membership Units.

(c) _____ Receive _____% of each monthly distribution in cash, and allow _____% to be reinvested in the LLC.

Purchaser understands and agrees that such election will become effective on the first (1st) day of the month following receipt of the election. If no election is made, then the monthly distribution will be a cash distribution. An election to reinvest distributions is revocable with thirty (30) days notice to the LLC. Purchaser further understands and agrees that: (a) cash retained by the LLC on behalf of all Members who elect to reinvest their distributions will be used by the LLC to acquire mortgage investments or for other proper LLC purposes; and (b) Members whose distributions are retained by the LLC pursuant to an election to reinvest distributions will have the retained funds credited to their Capital Accounts. They will therefore be entitled to a larger proportionate share of LLC's profits and losses, and Member voting rights.

8. SUBSCRIPTION. Purchaser acknowledges, understand, and agrees with the following:

(a) This subscription cannot be withdrawn, terminated, or revoked by Purchaser. If Purchaser is purchasing Membership Units, Purchaser agrees to become a Member of the LLC and to be bound by all the terms and conditions of the Operating Agreement and the Memorandum. This subscription shall be binding on the heirs, executors, administrators, successors and assigns of Purchaser. This subscription is not transferable or assignable by Purchaser.

(b) This subscription may be rejected, in whole or in part, by the Manager in its sole and absolute discretion. If this subscription is rejected, in whole or in part, or if the Minimum Offering Amount is not raised, then Purchaser's funds shall be returned, in whole or in part, without interest. This subscription will be accepted or rejected by the Manager within 60 days after the executed and completed Agreement is received by the LLC. This subscription shall be binding on the LLC only upon acceptance by the Manager.

(c) Neither the execution, nor the acceptance of this Agreement, makes Purchaser a Member of the LLC. A Purchaser of Membership Units will be admitted into the LLC as a Member on the first business day of the month after the subscription is accepted. Until that time, Purchaser

shall have only the rights set forth in this Agreement. For the partial month prior to admission to the LLC, to the extent funds are deployed by the LLC to fund a mortgage loan, to create appropriate reserves or to pay LLC expenses, such Purchaser will be paid interest on Purchaser's investment at the Preferred Return then being paid to Members, and such Purchaser will receive an IRS Form 1099 for the partial months' interest payment. Purchasers of only Notes and not Membership Units will not be admitted to the LLC as Members, but will be creditors of the LLC.

(d) If the LLC has received subscription amounts that exceed its deployment of loans to borrowers, it may retain the subscriptions and execute the applicable Agreement only when the funds are needed.

(e) Notes will be issued when the sums representing the purchase for such Notes are transferred into the LLC.

(f) Purchaser's rights and responsibilities will be governed by the terms and conditions of this Agreement, the Operating Agreement, the Memorandum and in the case of purchasers of Notes, the form of Note itself, the Custodial Agreement and the Intercreditor Agreement. The LLC will rely upon the information provided in this Agreement to confirm that Purchaser is an "accredited investor" as defined in Regulation D promulgated under the Securities Act.

9. REPRESENTATIONS AND WARRANTIES BY PURCHASER. Purchaser, on behalf of himself, herself, or the entity or trust purchasing the Membership Units and/or Notes, represents, warrants, and agrees as follows:

(a) If Purchaser is a natural person or if beneficial ownership of Purchaser is held by an individual through a revocable grantor trust or an individual retirement account, Purchaser or Purchaser's beneficial owner is at least twenty-one (21) years old and has the legal capacity to execute this Agreement and the Operating Agreement, if applicable, and to invest in the LLC as contemplated in the Memorandum, this Agreement, the Operating Agreement and the form of Note, Custodial Agreement and the Intercreditor Agreement, if applicable (collectively, the "Offering Materials"). If Purchaser is a corporation, limited liability company, partnership, trust, retirement system or other entity, Purchaser is authorized, empowered and qualified to execute this Agreement and the Operating Agreement, if applicable, and to invest in the LLC as contemplated in the Offering Materials.

(b) If Purchaser is acting as trustee, agent, representative nominee or intermediary for another person or entity, Purchaser understands and acknowledges that the representations, warranties and agreements made in this Agreement are made by Purchaser (i) with respect to Purchaser, and (ii) with respect to such other person or entity on whose behalf Purchaser is acting.

(c) Purchaser acknowledges that the Membership Units will be governed by the terms and conditions of the Operating Agreement and Purchaser agrees to execute the Operating Agreement by returning the executed signature page to the Operating Agreement. The Operating Agreement shall become binding upon Purchaser as of the date of the execution of the Operating Agreement, unless otherwise permitted by law. Each of this Agreement and the Operating Agreement, upon execution by Purchaser, is a valid, binding and enforceable agreement against Purchaser in accordance with its terms, subject to the laws of bankruptcy, insolvency and similar laws relating to or affecting the rights and remedies of creditors generally and the principles of equity. Purchaser understands that, except as explicitly provided for by law, Purchaser is not entitled to cancel, terminate or revoke this subscription or any of the powers conferred herein.

Purchaser hereby covenants and agrees on behalf of itself and its successors and assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish and deliver such other instruments, documents and statements and to take such other actions as may be necessary or appropriate to effectively carry out the purposes of this Agreement.

(d) The execution and delivery by Purchaser of this Agreement and the Operating Agreement, the consummation of the transactions contemplated hereby and the performance of the Purchaser's obligations under the Offering Materials will not conflict with, or result in any violation of or default under, any provision of any governing instrument applicable to Purchaser, or any agreement or other instrument to which Purchaser is a party or by which Purchaser or any of its properties are bound, or any U.S. or non-U.S. permit, franchise, judgment, decree, statute, order, rule or regulation applicable to Purchaser or Purchaser's business or properties.

(e) Purchaser has received and read the Memorandum and its exhibits, and is thoroughly familiar with the proposed business, operations, and financial condition of the LLC. In addition, Purchaser acknowledges that Purchaser has been given the opportunity to (i) ask questions and receive satisfactory answers concerning the terms and conditions of the offering of the Membership Units and/or the Notes, (ii) perform its own independent investigations and (iii) obtain additional information in order to evaluate the merits and risks of an investment in Membership Units and/or the Notes and to verify the accuracy of the information contained in the Memorandum. Purchaser has relied solely upon the Memorandum and independent investigations made by Purchaser or Purchaser's representative with respect to the investment in the LLC. No oral or written representations beyond the Memorandum have been made to Purchaser, or relied upon by Purchaser.

(f) Purchaser has read and understands the Operating Agreement and how an LLC functions as a limited liability company. By purchasing the Membership Units (if applicable) and executing this Agreement and the signature page to the Operating Agreement attached hereto, Purchaser hereby agrees to be bound by the terms and provisions of the Operating Agreement and the Memorandum.

(g) Purchaser understands that (i) the LLC has limited financial and operating history; (ii) pursuant to the Operating Agreement, the Manager (or another person, firm or entity that is an affiliate of the Manager) may receive substantial compensation in connection with the management of the LLC; and (iii) no U.S. federal, state, local or non-U.S. agency has passed upon the Membership Units or Notes or made any finding or determination as to the fairness of this investment in the LLC. Purchaser has been furnished with such financial and other information concerning the LLC, its Manager, and its business, as Purchaser considers necessary in connection with the investment in the Membership Units and/or Notes. Purchaser has been given the opportunity to discuss any questions and concerns with the LLC.

(h) Purchaser has been advised that neither the Membership Units nor the Notes have been , or will be registered under the Securities Act, or qualified under any state securities laws or non-U.S. securities laws, and are being offered and sold in reliance upon U.S. federal, state and applicable non-U.S. exemptions from registration requirements for transactions not involving a public offering. Purchaser recognizes that reliance upon such exemptions is based in part upon the representations of Purchaser contained in this Agreement.

(i) Purchaser is purchasing the Membership Units and/or Notes for Purchaser's own account (or for an entity if Purchaser is a principal or officer of such, or for a trust if Purchaser is a trustee), for investment purposes, and not with a view or intention to resell or distribute the same in

violation of the Securities Act or other applicable laws. Purchaser has no present intention, agreement, or arrangement to divide Purchaser's participation with others or to resell, assign, transfer, or otherwise dispose of all or part of the Membership Units and/or Notes.

(j) Purchaser, or Purchaser's investment advisors, has such knowledge and experience in financial and business matters that enables Purchaser to utilize the information made available to evaluate the risks of this prospective investment and to make an informed investment decision. Purchaser has been advised by the LLC to consult Purchaser's own legal and accounting advisors concerning this investment and to consult with independent tax counsel regarding the tax considerations of participating in the LLC. Purchaser is able to bear the risk of loss of its entire investment in the Membership Units and/or the Notes.

(k) Purchaser has carefully reviewed and understands the risks of investing in the LLC, including those set forth in the Memorandum. Purchaser has carefully evaluated Purchaser's financial resources and investment position, and acknowledges that Purchaser is able to bear the economic risks of this investment. Purchaser further acknowledges that Purchaser's financial condition is such that Purchaser is not under any present necessity or constraint to dispose of the Membership Units and/or Notes to satisfy any existent or contemplated debt or undertaking. Purchaser has adequate means of providing for Purchaser's current needs and possible contingencies, and has no need for liquidity in Purchaser's investment.

(l) Purchaser agrees that the representations herein will be deemed to be reaffirmed by Purchaser at any time Purchaser makes an additional capital contribution to the LLC and such capital contribution, accompanied by a completed and executed document as required by the LLC, will be evidence of such reaffirmation, and if any of the foregoing representations cease to be true, Purchaser will promptly notify the Manager of the facts pertaining to such changed circumstances.

(m) Purchaser is an "accredited investor" as that term is defined in Regulation D promulgated under the Securities Act.

(n) Purchaser understands that (i) the LLC does not intend to register as an investment company under the Investment Company Act, and (ii) Purchaser will not be afforded the protections provided to investors in registered investment companies (*e.g.*, mutual funds) under the Investment Company Act.

(o) If Purchaser is a partnership, a limited liability company treated as a partnership for federal income tax purposes, a grantor trust (within the meaning of §§671-679 of the Code) or an S corporation (within the meaning of Code §1361) (each a "flow-through entity"), Purchaser represents and warrants that either:

- (i) no person or entity will own, directly or indirectly through one or more flow-through entities, an interest in Purchaser such that substantially all of the value of such person's or entity's interest in Purchaser is attributable to Purchaser's investment in the LLC; or
- (ii) if one or more persons or entities will own, directly or indirectly through one or more flow-through entities, an interest in Purchaser such that substantially all of the value of such person's or entity's interest in Purchaser is attributable to Purchaser's investment in the LLC, neither Purchaser nor any such person or entity has or had any intent or purpose to cause such person (or persons) or entity (or entities) to invest in the LLC indirectly through Purchaser in order to enable the

LLC to qualify for the 100-partner safe harbor under Treasury Regulation §1.7704-1(h).

(p) Purchaser represents and warrants that if all or part of the funds that the Purchaser is using or will use to purchase the Membership Units and/or Notes hereby subscribed for are assets of an employee benefit plan as defined in Section 3(3) of ERISA, subject to Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code or an entity the assets of which are deemed to be plan assets pursuant to Section 3(42) of ERISA or 29 C.F.R. Section 2510.3-101 (each, a “Benefit Plan Investor”):

- (i) The funds so constituting plan assets have been identified in writing to the Manager in such manner and on such terms and conditions as set forth on Section 5 hereof.
- (ii) Its proposed purchase of any Membership Units and/or Notes is permissible under the documents governing the investment of such plan assets to the extent any such requirements are applicable.
- (iii) In making the proposed purchase of the Membership Units and/or Notes, it is aware of and has taken into consideration the diversification requirements of Section 404(a)(1) of ERISA and the decision to invest plan assets in the LLC is consistent with the provisions of ERISA that require diversification in the investment of plan assets to the extent any such requirements are applicable.
- (iv) It has concluded that the proposed purchase of the Membership Units and/or Notes is prudent and is consistent with other applicable fiduciary responsibilities under ERISA to the extent any such requirements are applicable.
- (v) The execution of this Agreement, and Purchaser’s obligations hereunder, will not constitute a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

(q) If Purchaser is a benefit plan or retirement account that is not a “Benefit Plan Investor” as defined above, such as a governmental plan, a non-U.S. benefit plan, or a church plan that is not subject to ERISA, this investment is in accordance with legal requirements applicable to Purchaser.

(r) Neither the Manager nor any other Member has made any guaranty or representation upon which Purchaser has relied upon concerning the possibility or probability of profit or loss resulting from an investment in the LLC.

(s) Purchaser confirms that it is not subscribing for its Membership Units and/or Notes as a result of (i) any advertisement, article, notice or other communications published in any newspaper, magazine or similar media (including any internet site that is not password-protected) or broadcast over television or radio or (ii) any seminar or meeting whose attendees were invited as a result of, subsequent to or pursuant to any of the foregoing.

(t) Purchaser will notify the Manager and the LLC immediately of any material change in any statement or response made in this Agreement before acceptance by the Manager of this subscription, and if accepted, during the term that Purchaser is a Member of the LLC (if applicable).

(u) The Memorandum received by Purchaser included all exhibits listed in the Table of Contents including, but not limited to, Exhibit D, Current Portfolio, dated no more than 60 days before the date this agreement was executed by Purchaser.

(v) Purchaser acknowledges that it will receive or have access to confidential proprietary information concerning the LLC, including, without limitation, portfolio positions, valuations, information regarding potential investments, financial information and reporting, trade secrets and the like (collectively, "Confidential Information"), which is proprietary in nature and non-public. Purchaser agrees that it shall not disclose or cause to be disclosed any Confidential Information to any person or use any Confidential Information for its own purposes or its own account, except in connection with its investment in the LLC, and except as otherwise required by any regulatory authority, law or regulation, or by legal process. Furthermore, Purchaser has not reproduced, duplicated or delivered any of the Offering Materials to any other person, except professional advisers to Purchaser or as instructed by the LLC. Notwithstanding the foregoing, Purchaser (and each employee, representative or other agent of Purchaser) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of: (i) the LLC and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to Purchaser relating to such tax treatment and tax structure.

(w) Purchaser acknowledges and it has received copies of the Mortgage-Backed Promissory Note and Collateral Security Agreement, the Custodial Agreement and the Intercreditor Agreement, and agrees to be bound by the provisions of the above documents.

10. RESTRICTIONS ON TRANSFER. Purchaser understands that, as a condition to this offering of Membership Units and the Notes, restrictions have been placed upon the ability of Purchasers to resell or otherwise dispose of any Membership Units or Notes purchased hereunder including, without limitation, the following:

(a) There is no public market for the Membership Units or Notes and none is expected to develop in the future. Even if a potential buyer could be found, Membership Units or Notes may not be resold or transferred without satisfying certain conditions designed to comply with applicable tax and securities laws, including, without limitation, provisions of the Securities Act and applicable state securities laws, and the requirement that certain legal opinions be provided to the Manager with respect to such matters. A transferee must meet the same investor qualifications as Purchaser. Investors must be capable of bearing the economic risks of this investment with the understanding that Membership Units and/or Notes may not be liquidated by resale or redemption and should expect to hold their Membership Units and/or Notes as a long-term investment.

(b) A legend will be placed upon all instruments evidencing ownership of Membership Units and Notes in the LLC stating that the Membership Units and Notes have not been registered under the Securities Act, and set forth the foregoing limitations on resale. Notations regarding these limitations shall be made in the appropriate records of the LLC with respect to all Membership Units and Notes offered hereby. The LLC will charge a minimum transfer fee of \$500 per transfer of ownership. If a Purchaser transfers Membership Units and/or Notes to more than one person, except transferees who will hold title together, the transfer to each person will be considered a separate transfer.

11. POWER OF ATTORNEY

(a) Purchaser irrevocably constitutes and appoints the Manager with full power of substitution as his, her or its true and lawful attorney-in-fact and agent, to execute, acknowledge, verify, swear to, deliver, record, and file, in Purchaser's name or his, her, or its assignee's name, place, and stead, all instruments, documents, and certificates that may, from time to time, be required by the laws of the United States of America, the State of California, and any other state in which the LLC conducts or plans to conduct business, or any political subdivision or agency of the government, to effectuate, implement, and continue the valid existence of the LLC, including, without limitation, the power of attorney and authority to execute, verify, swear to, acknowledge, deliver, record and file the following:

(i) The Operating Agreement, the Articles of Organization of the LLC, and all other instruments (including amendments) that the Manager deems appropriate to form, qualify or continue the LLC as a limited liability company in the State of California and all other jurisdictions in which the LLC conducts or plans to conduct business;

(ii) All instruments that the Manager deems appropriate to reflect any amendment to the Operating Agreement, or modification of the LLC, made in accordance with the terms of the Operating Agreement;

(iii) A fictitious business name certificate and such other certificates and instruments as may be necessary under the fictitious or assumed name statute from time to time in effect in the State of California and all other jurisdiction in which the LLC conducts or plans to conduct business;

(iv) All instruments relating to the admission of any additional or substituted Member; and

(v) All conveyances and other instruments that the Manager deems appropriate to reflect the dissolution and termination of the LLC pursuant to the terms of the Operating Agreement.

(b) The power of attorney granted is a special power of attorney and shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, dissolution, bankruptcy, or legal disability of Purchaser, and shall extend to Purchaser's heirs, successors, and assigns. Purchaser agrees to be bound by any representations made by the Manager acting in good faith under such power of attorney, and each Member waives any and all defenses that may be available to contest, negate, or disaffirm any action of the Manager taken in good faith under such power of attorney.

12. MISCELLANEOUS

(a) **CHOICE OF LAWS.** This Agreement will be governed by and construed in accordance with the laws of the State of California.

(b) **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties and may be amended only by written agreement between all parties.

(c) **BINDING ARBITRATION.** Any dispute under this Agreement or with the Manager or any of its officers, agents or representatives, including the enforceability of this clause, will be resolved under the 2013 Commercial Rules of the American Arbitration Association in the county of the LLC's principal place of business. Each party shall bear their own costs.

(d) **TERMINATION OF AGREEMENT.** If this subscription is rejected by the LLC, then this Agreement shall be null and void and of no further force and effect, no party shall have any rights against any other party and the LLC shall promptly return the funds delivered with this Agreement without interest.

(e) **TAXES.** The discussion of the federal income tax considerations arising from investment in the LLC, as set forth in the Memorandum, is general in nature and the federal income tax considerations to Purchaser of investment in the LLC will depend on individual circumstances. The Memorandum does not discuss state income tax considerations, which may apply to all or substantially all Purchasers. There can be no assurance the Code or the regulations under the Code will not be amended in a manner adverse to the interests of Purchaser or the LLC.

(f) **SUCCESSORS.** The representations, warranties and agreements contained in this Agreement shall be binding on Purchaser's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the LLC and its directors and officers. If Purchaser is more than one person, the obligations of all of them shall be joint and several, and the representations and warranties contained herein shall be deemed to be made by and to be binding upon each such person and his heirs, executors, administrators, successors, and assigns.

(g) **INDEMNIFICATION.** Purchaser shall indemnify and defend the LLC and the Manager from and against any and all liability, damage, cost, or expense (including attorneys' fees) arising out of or in connection with: (i) any inaccuracy in, or breach of, any of Purchaser's declarations, representations, warranties or covenants set forth in this document or any other document or writing delivered to the LLC; (ii) any disposition by Purchaser of any Membership Units or Notes in violation of this Agreement, the Operating Agreement, Note or applicable law; or (iii) any action, suit, proceeding or arbitration alleging any of the foregoing.

13. DEFERRED ENTRY (*Membership Units Only*). Purchaser understands and agrees that Purchaser's subscription, or portions thereof for Membership Units, will become effective on the first (1st) day of the month following acceptance of the subscription and the deployment of Purchaser's subscription funds by the LLC (the "Effective Date"). For the partial month prior to admission to the LLC, to the extent funds are deployed, such funds shall be treated as a loan for which Purchaser shall receive interest at the current Preferred Return (currently 7.5% annualized) during the month prior to the Effective Date and for which Purchaser will receive a Form 1099 Statement. As of the Effective Date, Purchaser's investment, or portions drawn from the subscription account, will be treated as an investment in the LLC.

BY EXECUTING THIS AGREEMENT, PURCHASER HEREBY AGREES, UPON SUBMISSION AS A MEMBER INTO THE LLC AND SUBMISSION OF EXECUTED SIGNATURE PAGE TO THE OPERATING AGREEMENT, TO BE LEGALLY BOUND BY THE TERMS OF THE OPERATING AGREEMENT AND MEMORANDUM.

FOR GOOD AND VALID CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Purchaser, intending to be legally bound, has executed this Agreement as of _____, 20__.

PURCHASER:

Purchaser Signature

Co-Purchaser Signature

Name and title (if applicable) of person signing

Name and title (if applicable) of person signing

ACCEPTANCE: (NOT VALID UNTIL ACCEPTED BY MANAGER)

The Manager of the LLC has accepted this Agreement as of _____, 20__.

FORTUNATO CAPITAL MANAGEMENT, INC.
Manager

By: _____

MEMBER:

Member Signature

Name and title (if applicable) of person signing