**Confidential Private Placement Memorandum  
Dated: July 1, 2024**

**FDC FUND I, LLC**

**Offering a Maximum of 20,000 Membership Units for $20,000,000.00**

**Manager:**

First Distribution Capital, LLC

2000 1st Ave, #501

Seattle, WA 98121

(509) 304-4125

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This Confidential Private Placement Memorandum (the “Memorandum”) relates to the sale (the “Offering”) of a maximum of 20,000 Class A and Class B membership units (“Units”) in FDC Fund I, LLC, a Wyoming limited liability company (the “Company”). Each Unit has an Offering price of $1,000.00, for potential total gross Offering proceeds of $20,000,000.00 (the “Maximum Offering Amount”). There is no minimum Offering amount. All Offering proceeds will be held in a self-managed, segregated account or escrow agent trust account until the Company purchases its first investment. If the Company doesn’t purchase its first investment within twelve months from the date of this Memorandum, all investor funds will be returned without interest or deduction. The minimum number of Units to be purchased by each Class A Member is 100 Class A Units, representing a $100,000.00 investment. The minimum number of Class B Units to be purchased by each Class B Member is 50 Class B Units, representing a $50,000.00 investment unless this minimum is waived by the Company’s manager, First Distribution Capital, LLC, a Washington limited liability company (the “Manager”), who shall manage all of the Company’s business, investments, and affairs. If an investor makes multiple subscriptions, which in the aggregate equals or exceeds $100,000.00, such investor will only be issued Class A Units for the subscription amount which causes the investor’s total aggregate subscriptions to equal or exceed $100,000.00.

Units will be offered on a “best-efforts” basis through the Company’s management, for which no commissions or other compensation will be paid. This Offering is limited to Accredited Investors and a limited number of unaccredited but Sophisticated Investors. This Offering will close as soon as the Maximum Offering Amount is sold, or as otherwise determined in the discretion of the Manager.

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These securities have not been approved or disapproved by the united states securities and exchange commission (the “sec”) or any state or other regulatory authority, nor has the sec or any state or other regulatory authority passed on the accuracy or adequacy of this memorandum or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

These securities have not been registered with the united states securities and exchange commission under the securities act of 1933, as amended (the “securities act”) and are being offered in reliance on exemptions from registration provided in section 4(a)(2) of the securities act, RULE 506(B) OF REGULATION D promulgated thereunder, and preemption from the registration or qualification requirements (other than notice filing and fee provisions) of applicable state laws under the national securities markets improvement act of 1996 or applicable exemptions from such registration provisions.

This memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized. These are speculative securities and involve a high degree of risk, including those risks concerning illiquidity, restrictions on transfer, leverage, governmental regulations, and uncontrollable market conditions. See “Risk Factors” on page 19.

Prospective investors are not to construe the contents of this memorandum or any prior or subsequent communications from the company or any of its employees, agents, or other representatives as legal, business, or tax advice. Each prospective investor should consult their own counsel, business adviser, and tax adviser as to legal, business, and tax matters relating to the offering made pursuant to this memorandum.

|  |  |  |
| --- | --- | --- |
|  | Offering Price | Proceeds to  Company(2) |
| Per Unit(1) | $1,000.00 | $1,000.00 |
| Minimum investment, 100 Class A Units(3) | $100,000.00 | $100,000.00 |
| Minimum investment, 50 Class B Units(3) | $50,000.00 | $50,000.00 |
| Maximum Offering Amount(4) | $20,000,000.00 | $20,000,000.00 |

1. Units will be offered and sold by the Company on a “best-efforts” basis through the Company’s management. Such management will not receive commissions or other compensation for such selling efforts. Units will be offered through this Offering at a price of $1,000.00 per Unit. See “Terms of the Offering” on page 29.
2. The Company expects to incur expenses relating to this Offering including legal, marketing, and printing expenses, and fees or expenses owed the Manager, the Members, Affiliates of the Manager and the Members, and third parties, as described in this Memorandum. The proceeds listed do not include deductions for such amounts. See “” on page 18, “” on page 36, and “Terms of the Offering” on page 29.
3. The minimum number of Units to be purchased by each Class A Member is 100 Class A Units, representing a $100,000.00 investment. The minimum number of Class B Units to be purchased by each Class B Member is 50 Class B Units, representing a $50,000.00 investment unless this minimum is waived by the Manager in its discretion.
4. The Company may sell up to a maximum number of 20,000 Class A and Class B Units for an aggregate of $20,000,000.00 in total gross Offering proceeds. There is no minimum Offering amount. All Offering proceeds will be held in a self-managed, segregated account or escrow agent trust account until the Company purchases its first investment. If the Company doesn’t purchase its first investment within twelve months from the date of this Memorandum, all investor funds will be returned without interest or deduction. Members’ Membership Interests will be ratably apportioned for purposes of voting, distributions, and allocations as set forth in this Memorandum and the Operating Agreement. See “Terms of the Offering” on page 29.

**PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING:**

This Memorandum, the Exhibits and the Subscription Documents: (a) are the only materials that have been authorized for use in connection with the Offering to sell Units; (b) reflect the only information anyone has been authorized to give in connection with the Offering to sell Units; and (c) are the only representations upon which anyone may rely in connection with the purchase of Units. See “” on page 51.

No person has been authorized to give any information other than that contained in this Memorandum, or to make any representations, other than as expressly contained herein, in connection with the Offering made hereby, and, if given or made, such other information or representations, other than as expressly contained herein, must not be relied upon as having been authorized by the Company. The Company disclaims any and all liabilities for representations or warranties, expressed or implied, or any other written or oral communication transmitted or made available to the recipient, except as made or communicated by the Company.

Offering literature in any form whatsoever employed in connection with the Offering shall be subject to, and shall be superseded by, this Memorandum (including any exhibits, amendments, and supplements hereto). In the event of any conflict or perceived conflict between this Memorandum and any other Offering literature, unless otherwise stated, this Memorandum shall control.

The Company is offering to sell Units in reliance on exemptions from federal registration requirements and exemption or preemption from state registration requirements. Those exemptions do not change the stringent requirement that every prospective investor, in every investment, not purchase under any misrepresentation or omission of any material fact. In preparing this Memorandum, the Company has made reasonable efforts to present all information that the Company considers material, based upon the information available to the Company. However, every prospective investor is urged to investigate further any matter that is not set forth in this Memorandum or any fact included in this Memorandum that the prospective investor considers material but does not clearly understand.

The information contained in this Memorandum is confidential and proprietary to the Company and is being submitted to prospective investors solely for such prospective investors’ confidential use with the express understanding that, without the prior written permission of the Company, such persons will not release this document or discuss the information contained herein or make reproductions of or use this Memorandum for any purpose other than evaluating a potential purchase of Units.

This Memorandum does not purport to be all-inclusive or to contain all the information that a prospective investor may desire in investigating the Company. This Memorandum contains all of the information the Company deemed material to the evaluation of the Company and the Offering. Each prospective investor must conduct and rely on its own evaluation of the Company and the terms of the Offering, including the merits and risks involved, in making their investment decision. See “” on page 19.

Upon written request by any prospective investor or their representative, the Company will, prior to the completion of the Offering, answer questions concerning the terms and conditions of the Offering and will provide additional information which may be requested, to the extent it possesses such information or can obtain access thereto without unreasonable effort or expense, for purposes of verifying the accuracy of the information set forth herein.

**Forward-Looking Statements**

This Memorandum contains statements about operating and financial plans, terms, and performance of the Company and other statements that may be deemed projections of future results. Forward-looking statements may be identified by the use of words such as “expect,” “anticipate,” “intend,” “plan,” “assume,” “will,” “may” and similar expressions. The forward-looking statements are based on various assumptions, and these assumptions may prove to be incorrect. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in Units. In addition, each prospective investor must disregard any projections and representations, written or oral, which do not conform to those contained in this Memorandum.

While the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither the Company nor any other person assumes any responsibility for the accuracy or completeness of these statements or undertakes any obligation to revise these forward-looking statements to reflect events or circumstances after the date on the first page of this Memorandum or to reflect the occurrence of an unanticipated event.

Except as otherwise indicated, this memorandum speaks as of the date hereof. Neither the delivery of this memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the company after the date hereof. If a material change should occur, the company will supplement this memorandum with the relevant information regarding such material change. All supplements to this memorandum (which will be designated as such on the face thereof) shall be deemed to be incorporated into and made part of this memorandum.

**NASAA UNIFORM LEGEND**

In making an investment decision investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the forgoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the act, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be made aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

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# Investor Suitability Criteria

## Accredited / Sophisticated Investors

The investor suitability requirements stated below represent the minimum suitability requirements established by the Company for purchasers of Units; however, the satisfaction of these requirements by a prospective investor will not necessarily mean that Units are a suitable investment for such prospective investor or that the Company will accept the prospective investor as a Member. Furthermore, the Company may modify its investor suitability requirements, and such modifications may raise the suitability standards for prospective investors. The Units may be sold to prospective investors who represent in writing that they are an “Accredited Investor,” as defined under Rule 501 of Regulation D under the Securities Act or a “Sophisticated Investor” as defined herein and satisfy the other investor suitability requirements established by the Company and as may be required under federal or state law and who invest a minimum of $50,000.00 in Units, although the Company retains the right to waive such minimum.

The Manager may allow no more than 35 investors, whether natural persons, entities, or retirement accounts, who do not meet the suitability standards for Accredited Investors to buy Units through this Offering in any 90-day period. To this end, the Manager must evaluate the Subscription Documents to determine whether the prospective investor, alone or with the help of a purchaser representative, by reason of his or her educational, business, or financial experience, can be reasonably assumed to have the capacity to understand fundamental aspects of an investment in the Company (“Sophisticated Investor(s)”).

In addition to the foregoing, each prospective investor must represent in writing that they meet, among other things, all of the following requirements:

• The prospective investor has received, reviewed, and understands this Memorandum and all Exhibits hereto;

• The prospective investor is basing their decision to invest in Units on this Memorandum and all Exhibits hereto, and on the advice of their legal counsel, accountants, and financial advisors;

• The prospective investor understands that an investment in Units involves substantial risks;

• The prospective investor’s overall commitment to non-liquid investments is, and after their investment in Units will be, reasonable in relation to their Net Worth and current needs;

• The prospective investor has adequate means of providing for their financial requirements, both current and anticipated, and has no need for liquidity in this investment;

• The prospective investor can bear the economic risk of losing their entire investment in Units;

• The prospective investor has such knowledge and experience in business and financial matters as to be capable of evaluating the merits and risks of an investment in Units;

• The prospective investor is acquiring Units for their own account and for investment purposes only and has no contract, undertaking, agreement, or arrangement to sell or otherwise transfer or dispose of any Units;

• The prospective investor has had an opportunity to ask questions of and receive answers from the Company, or a person or persons acting on its behalf, concerning the Company and the terms and conditions of this investment, and all such questions have been answered to their full satisfaction;

• Except as set forth in the Subscription Documents, no representations or warranties have been made to the prospective investor by the Company or any partner, agent, employee, or Affiliate thereof, and in entering into this transaction the prospective investor is not relying upon any information, other than that contained in the Memorandum, including its Exhibits;

• The prospective investor understands that the Units constitute “restricted securities” as that term is defined in Rule 144 of the Securities Act; and

• The prospective investor did not come to learn of the Units by way of public solicitation or advertisement.

Representations with respect to the foregoing and certain other matters will be made by each prospective investor for Units in the Subscription Agreement and related documents (“Subscription Documents”) attached as Exhibit 3 hereto.

A prospective investor who meets one of the following tests will qualify as an Accredited Investor:

• the prospective investor is a natural person who had individual income in excess of $200,000 in each of the two most recent years, or joint income with that person’s spouse or spousal equivalent in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

• the prospective investor is a natural person whose individual Net Worth (defined herein), or joint Net Worth with that person’s spouse or spousal equivalent, exceeds $1,000,000 at the time of purchase of Units;

• the prospective investor is a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Units, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of an investment in Units;

• the prospective investor is a 501(c)(3), corporation, business trust, partnership, or limited liability company with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Units;

• the prospective investor is an entity not formed for the specific purpose of acquiring the securities offered, owning investments in excess of $5,000,000;

• the prospective investor is an employee benefit plan within the meaning of ERISA, in which the investment decision is made by a plan fiduciary (as defined in Section 3(21) of ERISA) which is either a bank, savings and loan association, insurance company, or registered investment adviser; or the employee benefit plan has total assets in excess of $5,000,000; or is a self-directed plan in which investment decisions are made solely by persons who are Accredited Investors;

• the prospective investor is an entity (including an Individual Retirement Account trust) in which all of the equity owners are Accredited Investors as defined above;

• the prospective investor is a natural person holding in good standing a Series 7, 65, or 82 license or one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status;[[1]](#footnote-1)

• the prospective investor is a “family office” as defined in the Investment Advisers Act of 1940 and (i) with assets under management in excess of $5,000,000, (ii) that is not formed for the specific purpose of acquiring the securities offered, and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; or

• the prospective investor is a “family client” of a family office whose prospective investment is directed by the family office.

For purposes of determining Accredited Investor status, “Net Worth” is computed as the difference between total assets and total liabilities while excluding any positive equity in the prospective investor’s primary residence but, if the net effect of the mortgage results in negative equity, the prospective investor should include any negative effects in calculating his/her Net Worth. The prospective investor should also subtract from their Net Worth any additional indebtedness secured by his/her primary residence incurred within the 60 days prior to his/her purchase of the Units (other than debt incurred as a result of the acquisition of the primary residence). In determining income, prospective investors should add to their adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner or member in any limited partnership or limited liability company, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income. In the case of fiduciary accounts, the Net Worth and/or income suitability requirements may be satisfied by the beneficiary of the account, or by the fiduciary if the fiduciary directly or indirectly provides funds for the purchase of Units.

In any 90-day period, this Offering may be sold to up to 35 Sophisticated Investors that the Company deems to be well-informed and that have a substantive, preexisting relationship with the Company, the Manager, or their respective agents. This Memorandum and its Exhibits are intended to satisfy the condition that prospective investors be well-informed. In addition, prospective investors may request such additional information with respect to the Company, its investments or any other matter related to this Offering.

In order to be considered a Sophisticated Investor, an investor must satisfy all of the following:

• the prospective investor’s investment in the Company cannot consist of a material proportion of their total financial capacity, and, in any event, cannot exceed 20% of their total Net Worth (or joint Net Worth with his/her spouse).

• the prospective investor must have sufficient knowledge of finance, securities, and investments generally. If he/she/it has a purchaser representative, this condition may be met by such purchaser representative, subject to certain restrictions.

• the prospective investor must have sufficient experience and skill in business, real estate, and/or investments. This may also be satisfied by their purchaser representative, if applicable, subject to certain restrictions.

Whether a prospective investor satisfies any of the criteria listed above will be determined by the Manager in its sole discretion.

Being permitted to invest in the Offering does not necessarily mean that the purchase of its Units is a suitable investment. The purchase of Units should never be a complete investment program for any person and should represent only a small portion of any person’s or entity’s complete investment portfolio. Persons and entities should not purchase Units unless they are able to bear the risk of loss of their entire investment.

# SUmmary of risk Factors

These securities involve a high degree of risk that may not be appropriate for all investors. There are also significant uncertainties associated with an investment in the company and the securities. The securities offered hereby are not publicly traded. There is no public market for the securities and one may never develop. An investment in the Company is highly speculative. The securities should not be purchased by anyone who cannot bear the financial risk of this investment for an indefinite period of time and who cannot afford the loss of their entire investment. See the section of this Memorandum titled “*Risk Factors*” below. **Some of the risks related to an investment in the Company may include, but are not limited to, the following:**

* *The purchase of Units is not a diversified investment.* The Company’s potential profitability and its ability to diversify its investments may be limited, both geographically and by the type of Properties it invests in. It will be able to invest in additional Properties only as additional funds are raised. Given the limited number of assets the Company is targeting, its investments may not be well diversified, and their economic performance could be affected by changes in local economic conditions or changes uniquely affecting one or more particular asset classes.
* *There is no guarantee of a return on an investor’s investment.* The Company’s business objectives must be considered highly speculative. There is no assurance that an investor will realize a return on their investment or that they will not lose their entire investment. For this reason, each investor should read this Memorandum and all exhibits carefully and should consult with their attorney and business advisor prior to making any investment decision.
* *The securities acquired in this offering may be significantly diluted as a consequence of other equity financings.* The Company’s equity securities could be subject to dilution via the sale of additional Class A or Class B Units or the creation and sale of additional classes of Units, which could have priority over the securities offered in this Offering. Whether such securities will ultimately be sold by the Company is uncertain at this time, and as a consequence holders of the securities offered herein could be subject to dilution in an unpredictable amount. Such dilution may reduce an investor’s economic interests in the Company.
* *The Company will be subject to those general risks relating to the ownership and operation of real estate*. The Company’s economic success will depend upon the results of operations of the Properties, which will be subject to those risks typically associated with investments in real estate. Fluctuations in operating expenses and tax rates can adversely affect operating results or render the sale or refinancing of the Properties difficult or unattractive. No assurance can be given that certain assumptions as to the future profits from such operations will be accurate, since such matters will depend on events and factors beyond the Company’s and the Manager’s control.
* *The Manager has significant flexibility with regard to the Company’s operations and investments*. The Company’s agreements and arrangements with its Manager and the Manager’s Affiliates have been established by the Manager and may not be on an arm’s-length basis. The Manager has considerable discretion with respect to all decisions relating to the terms and timing of transactions.
* *Real estate is a long-term illiquid investment that may be difficult to sell in response to changing economic conditions*. Real estate is generally a long-term investment that cannot be quickly converted to cash. Therefore, the ability to liquidate the Properties promptly in response to economic or other conditions will be limited, which will affect the Company’s ability to realize a return on its investment.
* *The failure of properties to generate positive cash flow or to sufficiently appreciate in value would most likely preclude investors from realizing an attractive return on their interest ownership.* There is no assurance that the Company’s real estate investments will appreciate in value or will ever be sold at a profit. The marketability and value of the properties will depend upon many factors beyond the control of the Company’s management. There is no assurance that there will be a ready market for the properties since investments in real property are generally non-liquid.
* *The Properties will experience competition.* A number of other comparable properties may be located within the vicinity of the Properties. These competitive properties may reduce demand for the Properties. Competition from nearby commercial properties could make it more difficult to attract buyers as well. Competition may increase costs and reduce returns on the Properties and thus reduce returns to the Company and the Members.
* Rising expenses could reduce cash flow and funds available for future investments. The Properties will be subject to increases in real estate tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance, administrative and other expenses. If the Company is unable to increase rents at an equal or higher rate or lease properties on a basis requiring the tenants to pay all or some of the expenses, the Company would be required to pay those costs, which could adversely affect funds available for future cash distributions.
* *The Company may experience liability for environmental issues.* Under various federal, state and local environmental and public health laws, regulations and ordinances, the Company may be required, regardless of knowledge or responsibility, to investigate and remediate the effects of hazardous or toxic substances or petroleum product releases (including in some cases natural substances such as methane or radon gas) and may be held liable under these laws or common law to a governmental entity or to third-parties for property, personal injury or natural resources damages and for investigation and remediation costs incurred as a result of the real or suspected presence of these substances in soil or groundwater beneath the Property.
* *Actual or threatened epidemics, pandemics, outbreaks, or other public health crises may adversely affect the Company’s business.* The Company’s business could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of novel coronavirus, or COVID-19.
* *The Company has not requested an IRS ruling as to its partnership tax status.*The Company is electing to be taxed as a partnership.Partnerships are generally pass-through entities for tax purposes, meaning that the income and deductions pass through to the individual partners rather than being taxed at the entity level. If the Company’s tax status as a partnership is reclassified as a corporation by the IRS, it can have several implications and risks for both the Company and its members.

# Memorandum Summary

This summary highlights information contained elsewhere in this Memorandum. It is not complete and may not contain all of the information that prospective investors should consider before investing in Units. Each prospective investor is urged to read this Memorandum and the additional information it refers to directly in its entirety.

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| --- | --- | --- | --- |
| **THE COMPANY** | FDC Fund I, LLC is a Wyoming limited liability company formed on March 22, 2024 to acquire and operate a portfolio of cash flowing real estate assets (the “Properties”). | | |
| **Management:** | All of the business, investments, and affairs of the Company will be directed by the Manager of the Company, First Distribution Capital, LLC. | | |
| **Mailing Address:** | FDC Fund I, LLC  c/o First Distribution Capital, LLC  2000 1st Ave, #501  Seattle, WA 98121 | | |
| **Units Outstanding:** | **Name of Person or Group**  Outstanding Class A Units  Outstanding Class B Units  Outstanding Class M Units(1)  Unissued, Offered Class A and Class B Units: | **Number**  0  0  100  20,000 |
|  | 1. Members of the Manager have been issued 100 Class M Units which currently constitutes 100% of the Class M Units.   The Company anticipates selling up to 20,000 Class A and Class B Units to fund its activities. The Manager and its Affiliates or designees may purchase such Units on the same terms as those offered to prospective investors. Class M Units are reserved for the Manager and its Affiliates or designees. | | |
| **THE OFFERING** |  | | |
| **Securities Offered:** | This Offering is for the sale of a maximum of 20,000 Class A and Class B Units. The Units will be offered pursuant to this Memorandum for $1,000.00 per Unit, for a total of up to $20,000,000.00 if all offered Units are sold.  There is no minimum Offering amount. All Offering proceeds will be held in a self-managed, segregated account or escrow agent trust account until the Company purchases its first investment. If the Company doesn’t purchase its first investment within twelve months from the date of this Memorandum, all investor funds will be returned without interest or deduction.  This Offering will close as soon as the Maximum Offering Amount is sold, or as otherwise determined in the discretion of the Manager. | | |
| **Investor Suitability:** | This Offering is restricted to Accredited Investors, as determined in accordance with Regulation D under the Securities Act, and, in any 90-day period, up to 35 non-accredited, Sophisticated Investors. Prospective investors should not purchase Units unless they have substantial financial means, have no need for liquidity in the investment, and can afford to bear the loss of their entire investment. | | |
| **Use of Proceeds:** | See “” on page 18 for a complete description of the Company’s expected allocations of the proceeds from this Offering. | | |
| **Exit Strategies:** | The Company expects to operate for a period of ten years or more before the sale of the last of the Properties and distribution of all remaining assets of the Company. However, the Manager may liquidate and wind up the Company sooner in its sole discretion. | | |
| **Redemption:** | Members who wish to withdraw funds from the Company through a redemption of their Units must submit their written notice of their election for a Redemption in writing using a form approved by the Manager at least 60 days prior to desired date of the Redemption. Members may not make a Redemption Request which would result in a Class A or Class B Unit being issued for less than three full years. The amount paid for each Redemption shall be a Unit’s Unreturned Capital Contribution (calculated by dividing a Member’s total Unreturned Capital Contributions by the total number of their Investor Units) plus any accrued but unpaid preferred return. Redemption Requests may be partial, subject to a minimum amount set by the Manager and/or a maximum amount which must remain in the Company. Redemption Requests will be considered on a first come, first served basis.  In addition, the Manager may, in its sole discretion, redeem the Investor Units of Members who have not requested those Investor Units be redeemed pursuant to a Redemption Request, provided that the Company has been in operations for a period of at least five (5) years. Such involuntary Redemptions will be paid at the same Unit Price and processed in the same manner as Redemption Requests. Upon the approval and completion of any Redemption Requests by the Company, the Units approved in a Redemption Request shall terminate. If all of a Member’s Units are included in a completed Redemption, the Member shall cease being a Member of the Company. See “Redemptions” on page 17 and Section 7.4 of the Operating Agreement for a complete description of the Redemption process. | | |
| **Distribution of Cash:** | Please see the section titled “Distributions and Allocations” on page 38 for a summary on how distributions are allocated to Units. For complete distribution procedures, please see the Company’s Operating Agreement, dated March 22, 2024 (the “Operating Agreement”) contained in Exhibit 2. | | |
| **Allocation of Profits and Losses:** | Except as otherwise provided in the Agreement, Profits and Losses (including individual items of profit, income, gain, loss, credit, deduction and expense) of the Company will be allocated among the Members in a manner such that the Capital Account balance of each Member, immediately after making that allocation, is, as nearly as possible, equal (proportionately) to the distributions that would be made to that Member pursuant to Section 12.4 of the Operating Agreement if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their fair market value, as reasonably determined by the Manager, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Fair Market Value of the assets securing that liability), and the net assets of the Company were distributed in accordance with Section 12.4 of the Operating Agreement to the Members immediately after making that allocation, adjusted for applicable special allocations, computed immediately prior to the hypothetical sale of assets.  See “Allocation of Profits and Losses” in the Operating Agreement for a complete description of the procedure for the allocation Profits and Losses. | | |
| **Use of Financing:** | The funds the Company is raising from this Offering are insufficient to satisfy all anticipated expenses, and it should be noted that the Company may acquire and operate the Properties through the use of debt financing. Such debt may be obtained from banks, insurance companies, private lenders, or other commercial sources of funds.  Such debt could be on a full, partial, or non-recourse basis, be at a fixed or floating interest rate, and/or make use of interest-rate swap or hedging agreements. Any debt financing obtained by the Company will be the Company’s sole responsibility and not an obligation of any Member (other than, if required by a lender, the Manager, key principal(s), or one or more Affiliates).  Any debt is expected to be paid through the revenues from the operation of the Property and reserves set aside through this Offering. See “Risk Factors” on page 19. | | |
| **Fees:** | The Manager and its Affiliates and third-parties will receive reasonable, but possibly substantial, fees and compensation in connection with this Offering and the management and operations of the Company’s assets and the Properties, and reimbursement for expenses incurred on behalf of the Company and the Property. These expected fees and compensation will be paid out of capital contributions, revenues, reserves, and as further described in the section titled “Management Compensation and Fees” on page 36. | | |
| **Conflicts of Interest:** | The Company may purchase Properties from the Manager, its members, or their Affiliates. The Properties in such transactions shall be valued using one or more broker price opinions and projected cap rates for the property. The Company may pay more than if it negotiated the purchase of a similar property from an unrelated third-party.  In addition, the Manager and its Affiliates may engage in and possess interests in other business ventures of any and every type or description, independently or with others, whether similar or dissimilar to the Company’s business. Neither the Company nor any investor shall have any right, title, or interest in or to such independent ventures. The Manager and its Affiliates may conduct similar investment offerings through any such independent venture without liability to the Company for so doing. The Manager and its Affiliates are under no obligation to present any investment opportunity to the Company even if such opportunity is of a character that if presented to the Company, could be acquired by the Company for its own account. | | |
| **Operating Agreement:** | The Company will be governed by the Operating Agreement. It contains detailed provisions respecting the Company’s governance, accounting and financial matters, restrictions on the transfer of Units, and other important information. | | |
| **Transfer Restrictions:** | Units constitute “restricted securities,” as that term is defined in Rule 144, promulgated under the Securities Act, and cannot be resold unless such resale is registered under the Securities Act and applicable state securities laws or is exempt from such registration provisions. Even if Units purchased in this Offering are eligible for resale, there is no trading market for such Units, and none is likely to develop. | | |
| **Offering Period:** | The Offering will close as soon as the Maximum Offering Amount is sold. However, the Manager may choose to close this Offering earlier, at any time, for any reason. | | |
| **Method of Distribution:** | Units will be offered through the Company’s management on a “best-efforts” basis. Such management will not receive commissions or other compensation for such efforts. | | |
| **How to Purchase Units:** | In order to purchase Units, prospective investors must deliver signed copies of the separately bound Subscription Documents to FDC Fund I, LLC through its investor portal at http://www.fdcinvestments.cashflowportal.com.  The Company will promptly confirm in writing either the intent to accept or reject, in whole or in part, each subscription. On acceptance, the subscription agreement automatically becomes a binding, bilateral agreement for the purchase of the number of Units accepted. | | |

# Investment Objectives

## The Investment

The Company is raising funds in this Offering to invest in the Properties. The Company has the following additional objectives:

Provide cash for distribution to the Members. An investment objective of the Company is to generate Distributable Cash from operations of the Company.

Provide the Members the opportunity to take part in the investment process with minimal involvement in management. An investment objective of the Company is to provide an opportunity for the Members to participate in the investment process, which an individual Member may not desire or be able to accomplish on their own. The Manager will additionally manage the Company so that the Members will have minimal involvement in the management of the Company.

Provide the Members with limited liability. An investment objective of the Company is to provide the Members with limited liability. The Company is structured so that the Members will have the limited liability afforded to them as designated by the WLLCA.

## The Properties

The Company intends to target the acquisition of single or multi-tenant commercial properties and some mixed-use commercial/residential (Class B or higher).

**Tenant Profile:** A diverse mix of stable, creditworthy, commercial tenants on long-term leases targeting e-commerce-resistant retail, office, industrial, and above-market residential units in mixed-use buildings.

**Locations:** Targeting U.S. markets with projected population and economic growth. If there is a residential component, the Company will seek properties located in areas with low unemployment rates, low crime rates, and diverse job markets that are landlord-friendly and have low potential for future political or legislative risk. Unless properties have minimal landlord responsibility (i.e., net leases) they will be located in areas where competent third-party management can be reliably sourced. There will be a preference for properties in states with no income tax filing requirements.

**Purchase Prices:** $500,000 minimum per property.

**Financial Metrics:** The Company’s investments will be comprise of two major financial profiles. The Company will be targeting stabilized properties with a capitalization rate of >5%, minimal landlord responsibility, and defined rent escalations throughout long-term leases. It will also target value-add opportunities with a high probability of achieving a stabilized capitalization rate of >7% within 12-18 months of closing.

**Financing Requirements:** Targeting secure financing through commercial and private lenders only when favorable terms are available and serve the overall mission of the Company.

**Strategy:** The Company will employ a long-term hold strategy for steady cash flow. Equity growth will be accelerated through various value-add strategies, appreciation, and loan principal reduction. Cash-out refinances will be utilized to achieve equity for new acquisitions, for growing and diversifying the Company, and/or be distributed to investors as provided for in the Operating Agreement. Property sales will typically only be considered for the purpose of exchanging a less desirable property for one that is more desirable. Every effort will be made to employ a 1031 exchange or other tax-efficient strategy when purchasing replacement properties for the Company.

For additional information about the Properties, see the investment summary attached as Exhibit 4.

## Purchase

The Company intends to fund the purchase of the Properties with the proceeds from this Offering and third-party debt financing. The Company may purchase Properties from third parties or companies affiliated with management. If it purchases from an affiliated company the Company will target properties with a minimum seven percent (7%) capitalization rate based upon a pro-forma with net operating income stabilized within 12-18 months of closing. The purchase price of such properties will be determined using one or more broker price opinions and projected cap rates for the property

If the amount raised by the Offering is not sufficient as determined by the Manager prior to the close of the Offering, all investor funds will be returned without interest or deduction for expenses. Up until the final closing on the Properties, both the Company and the seller will be under certain obligations and will have certain rights under the terms of the purchase agreement. This may include common industry obligations, including the obtainment of certain insurance policies, certain rights to inspect the Properties, and certain responsibilities to pay amounts and present documentation. Prospective investors should note that until the closing documents have been signed and the Properties have been legally acquired, the Company cannot guarantee that it will acquire the Properties on the terms presented.

## Capitalization

The Company intends to fund the acquisition of the Properties with funds from the sale of Units, including both funds raised through this Offering and separately purchased by the Manager and its Affiliates and/or designees.

## Exit Strategy

The Company expects to be self-liquidating upon the eventual sale of all the Properties. The Company currently anticipates operating for ten years or more, although this will depend on market conditions and other factors. The Manager may liquidate and wind up the Company sooner in its sole discretion.

## Redemptions

Members who wish to withdraw funds must submit their written notice of their election for a Redemption in writing using a form approved by the Manager at least 60 days prior to desired date of the Redemption (“Redemption Request”). The Manager may approve Redemption Requests provided less than 60 days prior to the desired date of the Redemption, in its discretion. Members may not make a Redemption Request which would result in a Class A or Class B Unit being issued for less than three full years. However, the Manager may, in its sole discretion, approve Member hardship Redemptions outside of the above time frame, but such Redemptions will be subject to a penalty of up to ten percent (10%) of the Unit Price (the “Redemption Fee”).

The amount paid for each Redemption shall be a Unit’s Unreturned Capital Contribution (calculated by dividing a Member’s total Unreturned Capital Contributions by the total number of their Investor Units) plus any accrued but unpaid preferred return (the “Unit Price”). The Company will use reasonable efforts to pay the Unit Price on the desired date of Redemption. To prevent Redemptions from potentially harming the remaining Members of the Company, the Manager shall not make any Redemptions during any period in which the total Unit Price of all outstanding Investor Units exceeds the fair market value of the Company.

Redemption Requests may be partial, subject to a minimum amount set by the Manager and/or a maximum amount which must remain in the Company. Redemption Requests will be considered on a first come, first served basis. The Manager will endeavor to manage the Company in such a manner as to be able to accommodate Redemption Requests as consistently as possible. However, 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. All Redemption Requests are subject to the availability of cash to make Redemptions. Except as otherwise provided for below, 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.

In addition to honoring Redemption Requests as outlined above, the Manager may, in its sole discretion, redeem the Investor Units of Members who have not requested those Investor Units be redeemed pursuant to a Redemption Request, provided that the Company has been in operations for a period of at least five (5) years. Such involuntary Redemptions will be paid at the same Unit Value and processed in the same manner as Redemption Requests, as outlined above. The Manager shall have sole and absolute discretion to determine whether and how many Units will be redeemed beyond those which are subject to Redemption Requests, and may use any reasonable method to determine which Investor Units are being redeemed in this manner, including but not limited to making redemptions pro-rata by Membership Interest, redeeming the Units of smaller Members to minimize Member relation expenses going forward, or redeeming all outstanding Units except those held by certain Persons and their Affiliates. The Manager shall also have the power (but not the obligation) to make Additional Capital Contributions and/or forgo distributions it would otherwise have been entitled to receive as a Class M Member to allow the Company to make such Redemptions.

Upon the approval and completion of any Redemption Requests by the Company, the Units approved in the Redemption Request shall terminate and the Manager shall amend Company records, including Exhibit B of this Agreement, to reflect each Member’s adjusted Membership Interest as appropriate, based on the Company’s total adjusted Membership Interest, at the completion of the Redemption Requests. If all of a Member’s Units are included in a completed Redemption, the Member shall cease being a Member of the Company.

Other than as provided in this Section, no Member shall have the right to withdraw from the Company or to receive a return of any of its contributions to the Company until the Company is terminated and its affairs wound up, according to the WLLCA and the Agreement, unless otherwise approved by the Manager.

Notwithstanding the forgoing, the Manager may, in its sole discretion and to the fullest extent permitted by applicable laws and regulations, cause the Company to establish additional time periods in which Members may redeem their Units (“Supplemental Redemption Plan”). In its sole discretion, and to the fullest extent permitted by applicable laws and regulations, the Manager may set the terms, conditions and restrictions of any Supplemental Redemption Plan and may amend, suspend, or terminate any such Supplemental Redemption Plan at any time for any reason. The Manager may also, in its sole discretion and to the fullest extent permitted by applicable laws and regulations, decline any particular Redemption Request made pursuant to a Supplemental Redemption Plan for any reason.

## Investor Reporting

The Company will use commercially reasonable efforts to furnish to each Member reports as follows: (i) a discussion of the Company’s performance within 30 days after the end of each calendar quarter and (ii) all information relative to the Company necessary for the preparation of the Members’ federal and state income tax returns by the extended deadline of required tax returns each calendar year.

# Estimated Use of Proceeds

The following table illustrates the amount of proceeds to be received by the Company on the sale of Units and the intended uses of such proceeds.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Sources of Capital** | **25% of Maximum Offering Amount** | **%** | **50% of Maximum Offering Amount** | **%** | **75% of Maximum Offering Amount** | **%** | **Maximum Offering Amount(1)** | **%** |
| **Gross Proceeds(2)** | $5,000,000 | 100.00 | $10,000,000 | 100.00% | $15,000,000 | 100.00% | $20,000,000 | 100.00% |
|  |  |  |  |  |  |  |  |  |
| **Use of Proceeds(3)** |  |  |  |  |  |  |  |  |
| **Offering & Organizational Expenses** | $50,000 | 1.00% | $50,000 | 0.50% | $50,000 | 0.33% | $50,000 | 0.25% |
| **Property Acquisition(4)** | $4,575,000 | 91.50% | $9,200,000 | 92.00% | $13,825,000 | 92.17% | $18,450,000 | 92.25% |
| **Operating Capital** | $125,000 | 2.50% | $250,000 | 2.50% | $375,000 | 2.50% | $500,000 | 2.50% |
| **Potential Reserves(5)** | $250,000 | 5.00% | $500,000 | 5.00% | $750,000 | 5.00% | $1,000,000 | 5.00% |
| **Total Use of Proceeds** | $5,000,000 | 100.00% | $10,000,000 | 100.00% | $15,000,000 | 100.00% | $20,000,000 | 100.00% |

1. The Maximum Offering Amount is based on the sale of 20,000 Class A and Class B Units pursuant to this Offering. The Company does not anticipate that the Maximum Offering Amount will be required to execute its business plan. The Company may sell less than the Maximum Offering Amount or amend or supplement this Memorandum to sell more Units.
2. The Manager and its Affiliates or designees may purchase an unlimited number of Class A and Class B Units outside of the Offering on the same terms as those offered to prospective investors. Sale of Units to the Manager, its Affiliates, or other investors is not an indication that such Units are suitable for any other investor.
3. The Manager and/or its Affiliates have advanced approximately $50,000 for technology, legal, and other expenses, which may be reimbursed pursuant to the Operating Agreement or for which Units may be issued on the same terms as those offered to prospective investors for the equivalent dollar value received by the Company.
4. This amount includes acquisition fees paid to the Manager upon the purchase of the Properties which shall be one percent (1%) of the purchase price.
5. The Company does not expect to require the Maximum Offering Amount to purchase the Properties or execute its business plan. However, the Company may choose to raise capital, in its discretion, up to the Maximum Offering Amount and set aside such funds as additional reserves.

The allocation of the use of proceeds among the categories of anticipated expenditures represents management’s best estimates based on the current status of the Company’s proposed operations, plans, investment objectives, capital requirements, and financial conditions. Future events, including changes in economic or competitive conditions of the Company’s business plan or the completion of less than the total Offering, may cause the Company to modify the above-described allocation of proceeds. The Company’s use of proceeds may vary significantly in the event any of the Company’s assumptions prove inaccurate. The Company reserves the right to change the allocation of net proceeds from the Offering as unanticipated events or opportunities arise.

# Risk Factors

PROSPECTIVE INVESTORS SHOULD BE AWARE THAT PURCHASING UNITS IS A SPECULATIVE INVESTMENT AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THIS MEMORANDUM AND ALL EXHIBITS PRIOR TO MAKING AN INVESTMENT AND SHOULD BE ABLE TO BEAR THE COMPLETE LOSS OF THEIR INVESTMENT.

In addition to the negative implications of all information and financial data included or referred to directly in this Memorandum, prospective investors should consider the following risk factors before making an investment in Units. This Memorandum contains forward-looking statements and information concerning the Company, its investment plans, and other future events. These statements should be read together with the discussion of risk factors set forth below because those risk factors could cause actual results to differ materially from such forward-looking statements. The cautionary statements set forth under this section and elsewhere in this Memorandum identify important factors with respect to forward-looking statements.

## Investment and Offering Risks

*The purchase of Units is not a diversified investment.* The Company’s potential profitability and ability to diversify its investments may be limited, both geographically and by the type of Properties it invests in. The Company will be able to invest in additional Properties only as additional funds are raised. Given this limiting factor on the number of Properties the Company is able to target, its investments may not be well diversified, and their economic performance could be affected by changes in local economic conditions or changes uniquely affecting one or more particular asset classes. The Company’s performance is therefore linked to economic conditions in the regions in which it invests in properties and in the market for real estate properties generally. Therefore, to the extent that there are adverse economic conditions in the regions in which the Company’s Properties are located and in the market for real estate properties, such conditions could result in a reduction of its income and cash to return capital and thus affect the amount of distributions it can make to investors.

*An inability to raise substantial funds in this Offering would have substantial effect on the Company’s financing strategy.* Units will be offered and sold on a “best efforts” basis. No investor has made a firm commitment or obligation to purchase any Units. As a result, the proceeds raised in this Offering may be substantially less than the amount the Company would need to meet its investment objectives. The Company may proceed with alternative financing (potentially on different terms than offered herein) in order to meet its operational goals. It is not certain the Company would be able to successfully negotiate any such alternative financing, which could materially and negatively impact its investment objectives.

*There is no guarantee of a return on an investor’s investment.* The Company’s business objectives must be considered highly speculative. There is no assurance that an investor will realize a return on their investment or that they will not lose their entire investment. For this reason, each investor should read this Memorandum and all exhibits carefully and should consult with their attorney and business advisor prior to making any investment decision.

*The Company cannot assure that the Offering price of Units is an accurate reflection of their value.* The Offering price of Units has been determined by the Company taking into account its Offering expenses, prospects, the number of securities to be offered, and the general condition of the securities market, all as assessed by its management. Such prices are not directly correlated to the Company’s assets, earnings, net tangible book value, or any other traditional criteria of value.

*The securities acquired in this offering may be significantly diluted as a consequence of other equity financings.* The Company’s equity securities could be subject to dilution via the sale of additional Class A or Class B Units or the creation and sale of additional classes of Units, which could have priority over the securities offered in this Offering. Whether such securities will ultimately be sold by the Company is uncertain at this time, and as a consequence holders of the securities offered herein could be subject to dilution in an unpredictable amount. Such dilution may reduce an investor’s economic interests in the Company.

*The purchase of Units is a speculative investment.* The Company’s business objectives must be considered highly speculative. No assurance can be given that prospective investors will realize their investment objectives or will realize a substantial return (if any) on their investment or that they will not lose their entire investment in the Company. For this reason, each prospective investor should carefully read this Memorandum and all Exhibits hereto in their entirety. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH THEIR ATTORNEYS, ACCOUNTANTS, AND BUSINESS ADVISERS PRIOR TO MAKING AN INVESTMENT.

*Restrictions on transferability of securities will limit the ability of purchasers to transfer their Units.* Units offered hereby will be “restricted securities” within the meaning of the Securities Act and, consequently, will be subject to the restrictions on transfer set forth in the Securities Act, the Securities Exchange Act, and the rules and regulations promulgated thereunder. In addition, such securities are subject to restrictions on transfer under applicable state securities laws under which such securities are sold in reliance on certain exemptions or under the provisions of certain qualifications. As restricted securities, the Units may not be sold in the absence of registration or the availability of an exemption from such registration requirements. In addition, Members may not withdraw capital from the Company. It is not contemplated that registration of Units under the Securities Act or other securities laws will be effected. There is no public market for Units, and one is not expected to develop.

*Units are expected to be offered under a private offering exemption, and if it were later determined that such exemption was not available, purchasers would be entitled to rescind their purchase agreements.* Units are being offered to prospective investors pursuant to the so-called limited or private offering exemption from registration under Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act. Unless the sale of Units should qualify for such exemption, either pursuant to Regulation D promulgated thereunder or otherwise, the investors might have the right to rescind their purchase of Units. Since compliance with these exemptions is highly technical, it is possible that if an investor were to seek rescission, such investor would succeed. A similar situation prevails under state law in those states where Units may be offered without registration. If a number of investors were to be successful in seeking rescission, the Company would face severe financial demands that could adversely affect the Company and, thus, the non-rescinding investors. Inasmuch as the basis for relying on exemptions is factual, depending on the Company’s conduct and the conduct of persons contacting prospective investors and making the Offering, the Company will not receive a legal opinion to the effect that this Offering is exempt from registration under any federal or state law. Instead, the Company will rely on the operative facts as documented as the Company’s basis for such exemptions.

*This Offering has not been registered with the SEC or any state securities authorities.* This Offering will not be registered or qualified with the SEC under the Securities Act or with the securities agency of any state, and Units are being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to investors for Units meeting the suitability requirements set forth in this Memorandum. Since this is a nonpublic Offering and, as such, is not registered under federal or state securities laws, prospective investors for Units will not have the benefit of review by the SEC or any state securities regulatory authority. The terms and conditions of the Offering may not comply with the guidelines and regulations established for offerings that are required to be registered and qualified with those agencies.

## Operational Risks

*The Company will experience those risks associated with an investment in and ownership of membership units in a newly formed limited liability company.* There are significant restrictions placed on the Company via the Operating Agreement, including, but not limited to, restrictions on transfer of Units, voting, distributions, withdrawal, management, dissolution, and dispute resolution.

*The Manager has significant flexibility with regard to the Company’s operations and investments.* The Company’s agreements and arrangements with its Manager and the Manager’s Affiliates have been established by the Manager and may not be on an arm’s-length basis. The Manager has considerable discretion with respect to all decisions relating to the terms and timing of transactions.

*There may be significant conflicts of interest between the Manager and its Affiliates and the Company*. The Manager and its Affiliates may engage in activities other than the ownership, service, and management of the Company, some of which may compete directly with the Company. See “” on page 37.

*The liability of the management is limited*. As a result of certain exculpation and indemnification provisions in the Operating Agreement, the Manager and its officers, employees, agents, attorneys, and certain other parties may not be liable to the Company or its Members for errors of judgment or other acts or omissions not constituting fraud, intentional misconduct, criminal act, or gross negligence. A successful claim for such indemnification would deplete the assets of the Company by the amount paid.

*Maintenance of an Investment Company Act exemption imposes limits on the Company’s operations, and if the Company were to become subject to the Investment Company Act, it likely could not continue its business.* The Company intends to conduct its operations so that it is not required to register as an investment company under the Investment Company Act of 1940 (the “Investment Company Act”). The Company intends to make investments that satisfy requirements that will exempt it from registration under the Investment Company Act and intends to monitor its compliance with applicable exemptions under the Investment Company Act on an ongoing basis. If it fails to comply with an exemption, it could, among other things, be required to register as an investment company or substantially change its operations and investment strategies in order to avoid being required to register as an investment company, either of which would have a material, adverse effect on the Company. If the Company is required to register as an investment company, it would become subject to substantial regulations and restrictions with respect to its capital structure, management, operations, transactions with affiliated persons, portfolio composition, and other matters. This could potentially force it to discontinue its business. The Company will face similar investment company concerns under the various blue-sky laws.

*Any projected results of operations included in this Memorandum are forward-looking statements that involve significant risks and uncertainty.* All materials or documents supplied by the Company should be considered speculative and are qualified in their entirety by the assumptions, information, and risks disclosed in this Memorandum. The assumptions and facts upon which such projections are based are subject to variations that may arise as future events actually occur, many of which are outside the Company’s and the Manager’s control. Any projections included herein are based on assumptions made regarding future events. There is no assurance that actual events will correspond with these assumptions. Actual results for any period may or may not equal currently estimated, approximate projections and may differ significantly. Therefore, prospective investors should consult with their tax and business advisers about the validity and reasonableness of the factual, accounting, and tax assumptions contained in this Memorandum and the Exhibits to this Memorandum. Neither the Company nor any other person or entity has been authorized to make any representation or warranty as to the future profitability of the Company or of an investment in Units.

*The borrowing of funds increases the risks of adverse effects on the Company’s financial condition*. The Company intends to incur certain indebtedness with the expected debt financing it anticipates from an identified lender and which the Properties will secure. The Properties may incur additional debt in the future. Payments of principal and interest will reduce cash available for distribution and/or reserve funds set aside for contingencies. If variable rate debt is incurred, increases in interest rates would increase interest costs, which would reduce the Company’s returns.

*The Company may have difficulties receiving debt financing necessary to fund its investment activities.* The Company does not have a firm commitment for any debt financing. In the event that the Company is unable to secure proper financing, it may be unable to acquire and operate the Properties as intended. The Company currently expects to finance the majority of its investment activities with loans. The Company may also seek other capital sources. Failure to obtain such financing may have a material and adverse effect on the Company’s operations and distributions to the Members. In such event, investors could lose some or all of their investments.

## Real Estate Risks

*The Company will be subject to those general risks relating to the development, ownership, and operation of real estate*. The Company’s economic success will depend upon the results of operations of the Properties, which will be subject to those risks typically associated with such asset class. Fluctuations in operating expenses and tax rates can adversely affect operating results or render the sale or refinancing of the Properties difficult or unattractive. Certain expenditures associated with the Properties will be fixed (principally mortgage payments, if any, and real estate taxes) and will not necessarily decrease due to events adversely affecting the Company’s income from the operation of the Properties. No assurance can be given that certain assumptions as to the future profits from such operations will be accurate, since such matters will depend on events and factors beyond the Company’s and the Manager’s control. These factors include, among others:

• adverse changes in local and national economic conditions;

• changes in the financial condition of buyers and sellers of similar properties;

• changes in the availability of debt financing and refinancing;

• changes in the relative popularity of the Properties and in real estate as an investment class;

• changes in interest rates, real estate taxes, operating expenses, and other expenses;

• changes in market capitalization rates;

• changes in utility rates;

• development and improvement of competitive properties;

• ongoing development, capital improvement, and repair requirements;

• risks and operating problems arising out of the presence or scarcity of certain construction materials;

• environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which adequate reserves had not been established;

• physical destruction and depreciation of property and equipment;

• damage to and destruction of the Properties, or any improvements or personal property located thereon;

• acts of God;

• changes in availability and cost of insurance;

• unexpected construction costs;

• increases in the costs of labor and materials;

• materials shortages; and

• labor strikes.

*The economic success of an investment in the Company will depend to a great extent upon the results of operations of the Properties, some of which are outside the Company’s control*. The Properties will be subject to those risks typically associated with investments in real estate that produce income based on tenant occupancy and rental revenues. Fluctuations in vacancy rates, rent schedules, and operating expenses can adversely affect operating results or render the sale or refinancing of the Properties difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy of the Properties, future rental appreciation, future cost of capital improvements, or future cost of operating the Properties will be accurate since such matters will depend on events and factors beyond the control of the Company. Such factors include continued validity and enforceability of the leases, vacancy rates for properties similar to the Properties, financial resources of tenants, rent levels near the Properties, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, the enactment of unfavorable real estate regulations, rent control, and other risks.

*Real estate is a long-term illiquid investment that may be difficult to sell in response to changing economic conditions*. Real estate is generally a long-term investment that cannot be quickly converted to cash. Therefore, the ability to liquidate the Properties promptly in response to economic or other conditions will be limited, which will affect the Company’s ability to realize a return on its investment. Real estate investments are also subject to adverse changes in overall economic conditions or local conditions that may reduce the demand for real estate generally.

*The Properties will be subject to additional risks that may adversely impact the operating results and the success of the Company*. The Company will generate income from leases on the Properties. Therefore, there are vacancy and re-letting risks associated with income producing commercial properties. In addition, an economic downturn, including increased unemployment rates, may cause the commercial retail industry to experience a significant decline in business due to a reduction in sales. Low mortgage interest rates could accompany and encourage potential renters to purchase retail space rather than lease them. These and other factors could have a material, adverse effect on the Company’s performance. If current tenants for the Properties do not renew or extend their leases or if current tenants terminate their leases, the operating results of the Properties could be substantially and adversely affected by the loss of revenue and possible increase in operating expenses not reimbursed by the tenants. There can be no assurance that any unoccupied space in the Properties will be leased, levels of occupancy will be maintained, or the Properties will be substantially occupied. In addition, lease-up of unoccupied space may be achievable only at decreased rental rates or with the provision of substantial rental concessions, both of which would adversely affect operating cash flow of the Company. To the extent that tenants of the Properties do not renew their leases, or renew at lower than current market rates, the financial viability of the Properties may be adversely affected. In addition, tenants and lease guarantors, if any, may be unable to make their lease payments. Defaults by a significant number of tenants could, depending on the number of leases affected and the ability to successfully find substitute tenants, have a material, adverse effect on the financial performance of the Properties, thus reducing cash flow to the Company.

*Due to a substantial influx of capital investment and competition for properties, the real estate the Company invests in may not appreciate or may decrease in value.* The real estate markets are currently experiencing a substantial influx of capital from investors worldwide. This substantial flow of capital, combined with significant competition for real estate and the strength in the economy, may result in inflated purchase prices for such assets. To the extent the Company invests in real estate in such an environment, the Company is subject to the risk that the real estate market could cease to attract the same level of capital investment in the future, or if the number of companies seeking to acquire such assets decreases, Company returns could be lower, and the value of its assets may not appreciate or may decrease significantly below the amount paid for such assets.

A commercial property's income and value may be adversely affected by national and regional economic conditions, local real estate conditions such as an oversupply of properties or a reduction in demand for properties, availability of "for sale" properties, competition from other similar properties, its ability to provide adequate maintenance, insurance and management services, increased operating costs (including real estate taxes), the attractiveness and location of the property and changes in market rental rates. The Company’s income will be adversely affected if a significant number of tenants are unable to pay rent or if the properties cannot be rented on favorable terms. The Company’s performance is linked to economic conditions in the regions where the properties will be located. Therefore, to the extent that there are adverse economic conditions in those regions, and in these markets generally, that impact the applicable market rents, such conditions could result in a reduction of income and cash available for distributions and thus affect the amount of distributions the Company can make to investors.

*The consideration paid for properties may exceed fair market value, which may harm the Company’s financial condition and operating results.* The consideration that the Company pays will be based upon numerous factors, and the properties may be purchased in a negotiated transaction rather than through a competitive bidding process. In addition, the Company may purchase properties from companies affiliated with the members of the Manager or their Affiliates. The purchase price will be determined using one or more broker price opinions and projected cap rates for the property. The Company cannot assure anyone that the purchase price that it pays for a property, or its appraised value will be a fair price, that it will be able to generate an acceptable return on such property, or that the location, lease terms or other relevant economic and financial data of any properties that it invests in will meet acceptable risk profiles. The Company may also be unable to lease vacant space or renegotiate existing leases at market rates, which would adversely affect its returns on a property. As a result, the Company’s investments in properties may fail to perform in accordance with its expectations, which may substantially harm its operating results and financial condition.

*The failure of properties to generate positive cash flow or to sufficiently appreciate in value would most likely preclude investors from realizing an attractive return on their interest ownership.* There is no assurance that the Company’s real estate investments will appreciate in value or will ever be sold at a profit. The marketability and value of the properties will depend upon many factors beyond the control of the Company’s management. There is no assurance that there will be a ready market for the properties since investments in real property are generally non-liquid. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Company’s control. It cannot predict whether it will be able to sell any property for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable. The Company also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Moreover, the Company may be required to expend funds to correct defects or to make improvements before a property can be sold. It cannot be assured that the Company will have funds available to correct those defects or to make those improvements. In investing in a property, the Company may agree to lockout provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These lockout provisions would restrict its ability to sell a property. These factors and any others that would impede the Company’s ability to respond to adverse changes in the performance of the properties could significantly harm its financial condition and operating results.

*Illiquidity of real estate investments could significantly impede the Company’s ability to respond to adverse changes in the performance of the properties and harm the Company’s financial condition.* Because real estate investments are relatively illiquid, the ability to promptly sell one or more properties or investments in its portfolio in response to changing economic, financial and investment conditions may be limited. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions, and changes in laws, regulations, or fiscal policies of jurisdictions in which the property is located. The Company may be unable to realize its investment objectives by sale, other disposition or refinance at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. An exit event is not guaranteed and is subject to the Manager’s discretion.

*Real estate projects may suffer losses that are not covered by insurance.* Material losses to real estate properties may occur in excess of insurance proceeds with respect to any property as insurance proceeds may not provide sufficient resources to fund the losses. However, there are types of losses, generally of a catastrophic nature, such as losses due to wars, earthquakes, floods, hurricanes, pollution, environmental matters, mold, or terrorism, which are either uninsurable or not economically insurable, or may be insured subject to limitations such as large deductibles or co-payments. If an uninsured loss or a loss in excess of insured limits occurs on the Properties, the Company could lose anticipated future revenues.

*The Properties may be subject to foreclosure if a default under any mortgage loan occurs.* Each mortgage loan secured by the Properties will contain various default provisions, including payment defaults, operating restrictions, reporting defaults, transfer restrictions, and capital improvement obligations. Upon an uncured default under a loan, the lender may declare the entire amount of the loan, including principal, interest, prepayment premiums, and other charges to be immediately due and payable. If a senior mortgage lender declares a loan to be immediately due and payable, the Company will have the obligation to immediately repay the loan in full. If repayment does not occur, the lender may invoke its remedies under the loan documents, including proceeding with a foreclosure sale, which is likely to result in the Company losing its entire investment.

Rising expenses could reduce cash flow and funds available for future investments. The Properties will be subject to increases in real estate tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance, administrative and other expenses. If the Company is unable to increase rents at an equal or higher rate or lease properties on a basis requiring the tenants to pay all or some of the expenses, the Company would be required to pay those costs, which could adversely affect funds available for future cash distributions.

*The Properties will experience competition.* A number of other comparable properties may be located within the vicinity of the Properties. These competitive properties may reduce demand for the Properties. Competition from nearby commercial properties could make it more difficult to attract buyers as well. Competition may increase costs and reduce returns on the Properties and thus reduce returns to the Company and the Members.

*The Properties or a portion of the Properties could become subject to an eminent domain or a condemnation action*. Such an action could have a material, adverse effect on the marketability of the Properties and any returns therefrom.

*Future changes in land use and environmental laws and regulations, whether federal, state, or local, may impose new restrictions on the Properties.* The Company’s ability to sell or operate the Properties as intended may be adversely affected by such regulations, which could affect returns therefrom.

*Any person who supplies services or materials to the Properties may have a lien against such Properties securing any amounts owed to such person under state law.* Therefore, even if a contractor is paid its contract fees, if that contractor fails to pay its subcontractors or materials supplier, then such subcontractor or materials supplier who was not paid will have mechanic’s lien rights against such Properties. If one or more mechanic’s liens does appear against the Properties, their release must be obtained or the person holding such liens will have the right to foreclose. A forced sale of the Properties could negatively affect returns therefrom.

*The Company may experience liability for environmental issues.* Under various federal, state and local environmental and public health laws, regulations and ordinances, the Company may be required, regardless of knowledge or responsibility, to investigate and remediate the effects of hazardous or toxic substances or petroleum product releases (including in some cases natural substances such as methane or radon gas) and may be held liable under these laws or common law to a governmental entity or to third-parties for property, personal injury or natural resources damages and for investigation and remediation costs incurred as a result of the real or suspected presence of these substances in soil or groundwater beneath the Property. These damages and costs may be substantial and may exceed the insurance coverage the Company has for such events.

Buildings and structures on a property may have contained hazardous or toxic substances or have released pollutants into the environment; or may have known or suspected asbestos-containing building materials, lead based paint, mold, or insect infestations (such as roaches or bed bugs), that the Company may be required to mitigate. Undetected or unmitigated conditions such as these may cause (or be suspected to cause) personal injury and/or property damage, which could subject the properties, the Manager, and/or the Company to litigation with and liability to third parties.

*The Company must comply with the Americans with Disabilities Act.* Under the Americans with Disabilities Act of 1990 (the ADA), all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. A determination that a property is not in compliance with the ADA could result in imposition of fines or an award of damages to private litigants. Furthermore, substantial modifications made in order to comply with the ADA may negatively affect the Company’s ability to make cash distributions to its Members.

*Actual or threatened epidemics, pandemics, outbreaks, or other public health crises may adversely affect the Company’s business.* The Company’s business could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of novel coronavirus, or COVID-19. The risk, or public perception of the risk, of a pandemic or media coverage of infectious diseases could adversely affect the Company’s business and financial condition. “Shelter-in-place” or other such orders by governmental entities would further negatively impact the Company’s business and could also disrupt the Company’s operations if employees, who cannot perform their responsibilities from home, are not able to report to work.

## Federal Income Tax Risks

Possible changes in federal/local tax laws or the application of existing federal/local tax laws may result in significant variability in the Company’s results of operations and tax liability for the investor. The Internal Revenue Code of 1986, as amended, is subject to change by Congress, and interpretations may be modified or affected by judicial decisions, by the Treasury Department through changes in regulations and by the Internal Revenue Service through its audit policy, announcements, and published and private rulings. Although significant changes to the tax laws historically have been given prospective application, no assurance can be given that any changes made in the tax law affecting an investment in any Units of the Company would be limited to prospective effect. Accordingly, the ultimate effect on an investor’s tax situation may be governed by laws, regulations or interpretations of laws or regulations which have not yet been proposed, passed, or made, as the case may be.

*An investment in the Company raises significant tax issues, and the tax treatment of an investment in the Company may vary significantly from investor to investor.* Please review carefully the below risks, among others, and consult your own tax adviser about the specific tax consequences to you before investing.

* The tax allocation of the Company’s income and loss may be challenged by the Internal Revenue Service.
* An audit of the Company’s return by the Internal Revenue Service may lead to adjustments to the Members’ tax returns and an audit of the Members’ tax returns.
* Under the Bipartisan Budget Act of 2015, which took effect in January of 2018, the Company must designate a Partnership Representative for each tax year. Federal law gives the Partnership Representative significant discretion in the event of an audit by the Internal Revenue Service, including the sole authority to make elections that bind the Company and all of the Members. While it is the intent of the Company that the Partnership Representative do what is in the best interests of the Company, actions taken by the Partnership Representative may have a negative effect on one or more current or former Members.
* Any tax benefits from ownership of Units will not be available unless the Company and the Company’s Members have a profit motive.

*The Company has not requested an IRS ruling as to its partnership tax status.*The Company is electing to be taxed as a partnership.Partnerships are generally pass-through entities for tax purposes, meaning that the income and deductions pass through to the individual partners rather than being taxed at the entity level. If the Company’s tax status as a partnership is reclassified as a corporation by the IRS, it can have several implications and risks for both the Company and its members including, but not limited to, the following:

* Double Taxation: Corporations are subject to double taxation, meaning that the corporate income is taxed at the entity level, and then any distributions or dividends to shareholders are taxed again at the individual level. This is different from partnerships, which are pass-through entities, and income is only taxed at the individual partner level.
* Loss of Pass-Through Benefits: Partnerships enjoy pass-through taxation, where profits and losses flow through to the individual partners. If reclassified as a corporation, the entity loses this pass-through treatment, and income is taxed at both the corporate and individual levels.
* Change in Tax Rates: Corporate tax rates may be different from individual tax rates. Reclassification could result in partners facing higher or lower tax rates on their share of the income.
* Additional Compliance Requirements: Corporations have different reporting and compliance requirements than partnerships. This includes filing corporate tax returns and adhering to corporate governance and regulatory standards.
* Changes in Deductibility: Some deductions and credits available to partnerships may not be available to corporations, and vice versa. The reclassification could impact the ability to claim certain tax benefits.
* Impact on Members’ Basis: The tax basis of a partner's interest in the partnership affects the taxation of distributions and sales of partnership interests. Reclassification may alter the members’ basis calculations.

EACH RISK DESCRIBED ABOVE MAY AFFECT THE MANAGEMENT, INVESTMENT, OR OTHER TRANSACTIONS RELATED TO THE COMPANY. FOR ALL OF THE FOREGOING REASONS AND OTHERS SET FORTH HEREIN, AN INVESTMENT IN UNITS INVOLVES A HIGH DEGREE OF RISK. ANY PERSON OR ENTITY CONSIDERING AN INVESTMENT IN UNITS OFFERED HEREBY SHOULD BE AWARE OF THESE AND OTHER RISK FACTORS SET FORTH IN THIS MEMORANDUM.

# Terms of the Offering

## The Offering

Subject to the terms and conditions set forth in this Memorandum and the Subscription Documents described below, the Company is offering to sell Units to specified purchasers who are Accredited Investors, as that term is defined in Regulation D, Rule 501 and up to 35 non-accredited, Sophisticated Investors, in any 90-day period, who each meet the Company’s suitability criteria.

This Offering is for up to 20,000 Class A and Class B Units at a price of $1,000.00 per Unit, for a total Maximum Offering Amount of 20,000,000.00 if all offered Units are sold. All Offering proceeds will be held in a self-managed, segregated account or escrow agent trust account until the Company purchases its first investment. If the Company doesn’t purchase its first investment within twelve months from the date of this Memorandum, all investor funds will be returned without interest or deduction.

The minimum number of Units to be purchased by each Class A Member is 100 Class A Units, representing a $100,000.00 investment. The minimum number of Class B Units to be purchased by each Class B Member is 50 Class B Units, representing a $50,000.00 investment unless this minimum is waived by the Manager. If an investor makes multiple subscriptions, which in the aggregate equals or exceeds $100,000.00, such investor will only be issued Class A Units for the subscription amount which causes the investor’s total aggregate subscriptions to equal or exceed $100,000.00.

## ****Dilution****

Dilution means a reduction in value, control, or earnings of the interests held by investors. The Manager and/or its members or Affiliates were granted Class M Units in the Company for $0 cash contribution as compared to contributions of $1,000.00 per Class A and Class B Unit to be paid by investors pursuant to this Offering. Investors will experience economic dilution as a result of their purchase of Units approximately in proportion to the membership interests granted to management (50%). All investors may experience future dilution should the Company offer additional Class A and Class B Units in the future or create additional classes of Units.

## ****Determination Of Offering Price****

In determining the Offering price of the Units, the Company has considered a number of factors including, but not limited to, the illiquidity and volatility of the Units, the current financial condition of the Company and the prospects for future cash flows and earnings, and market and economic conditions at the time of the Offering. The offering price for the Units sold in this Offering may be more or less than the fair market price for the Units.

## Method of Placement

Units will be offered exclusively through the Company’s management, including the Manager and its Affiliates, who will not be compensated directly or indirectly for such efforts. Units will be offered on a “best-efforts” basis. There is no assurance that all or any Units will be sold. The Company’s Affiliates may purchase Units on the same terms and conditions as other prospective investors. The Company intends to indemnify the Company’s Manager and other persons and entities against certain Company actions and civil liabilities, including liabilities under the Securities Act. In the opinion of the SEC, the foregoing indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

The Manager will decide whether to accept or reject a subscription within a reasonable time after the receipt of the completed subscription booklet and investment amount. If a subscription is not accepted, any related collected funds will be returned to the subscriber promptly, but in any event within 5 business days of non-acceptance of the prospective investor. The Company will advise all prospective investors whose subscriptions have been accepted.

## Restricted Securities

There are significant restrictions under the securities laws on the transfer of Units. Units are offered in reliance on exemptions and preemption from the registration provisions of the Securities Act and various state securities laws. Units constitute “restricted securities,” as that term is defined in Rule 144 promulgated under the Securities Act and cannot be resold unless such resale is registered under the Securities Act and applicable state securities laws (which may be prohibitively expensive and may not be possible in any event) or sold pursuant to an exemption therefrom. In some states, specified conditions must be met, or approval of a state authority may be required. Even if Units purchased in this Offering are eligible for resale, there is no trading market for such Units, and none is likely to develop.

In an effort to meet the conditions of such exemptions or preemption, the Company will file such notices and reports as may be required by the states in which the purchasers of Units in this Offering reside at the time of purchase of such Units from the Company and will otherwise utilize commercially reasonable efforts to satisfy the conditions of an exemption or preemption from registration in each of such states.

Units offered hereby must be acquired for investment purposes only and not with a view to or for resale in connection with any distribution thereof. Units will not be registered under the Securities Act or under the securities acts of any state where offered and will be sold and issued in reliance on exemptions and preemption from such registration. Such exemption or preemption depends in part on the investment intent of the investors. Among other things, such restrictions require the investors to bear the economic risk of the investment by holding the securities acquired for an indefinite period of time. These restrictions are set forth in detail in the separately bound Subscription Documents, which must be signed and agreed to by persons and entities purchasing Units. Prospective investors are urged to review the specific restrictions carefully.

The Company may refuse to transfer any securities to any transferee that does not furnish, in writing to the Company, the same representations and warranties and agree to the same conditions with respect to such securities as are set forth herein. The Company may further refuse to transfer the securities if circumstances are present reasonably indicating that the proposed transferee’s representations are not accurate. In any event, the Company may refuse to consent to any transfer in the absence of an opinion of legal counsel, satisfactory to, and independent of, the Company’s counsel that such proposed transfer is consistent with the above conditions.

In addition to the foregoing restrictions under applicable securities laws, there are also significant restrictions on the transfer of Units as set forth in the Operating Agreement.

## Acceptance Guidelines of the Company

Based on the representations contained in the Subscription Documents and other information of which the Company has actual knowledge, the Company’s Manager will make the determination of whether to proceed with the sale of Units to the prospective investor. The Company has an absolute right to accept or reject prospective investors and may do so on the basis of factors not related to the suitability of the prospective investor. In making the determination, the Company’s Manager will follow guidelines appropriate for reliance on exemptions and preemption from registration under applicable securities laws.

If the subscription offer is not accepted, appropriate notice thereof will be transmitted promptly to the prospective investor, the Subscription Documents will be appropriately marked, and the subscription proceeds will be returned, without interest or deduction of expenses, to the prospective investor.

## How to Purchase Units

In order to purchase Units described in this Memorandum, prospective investors are required to tender to the Company Subscription Documents through the portal (http://www.fdcinvestments.cashflowportal.com), delivered together with the minimum commitment amount determined by the Company through ACH or wire transfer, not to exceed the total subscription amount. On acceptance, the subscription agreement automatically becomes a binding bilateral agreement for the purchase of the number of Units specified. Please contact Andy Polak at (509) 304-4125 regarding any questions on the subscription process.

# ****Management’s Discussion And Analysis**** ****Of Financial Condition And Results Of Operation****

**Overview**

Since its formation, the Company has been engaged primarily in formulating its business plan and developing the financial, offering, and other materials to begin fundraising. The Company is considered to be a development stage company since it is devoting substantially all of its efforts to establishing its business and planned principal operations have not commenced.

**Operating Results**

The Company has not generated any revenues or incurred direct operating expenses as of the date of this Offering statement. The Company does not anticipate it will make distributions until six months following acquisition of its first investment.

**Liquidity and Capital Resources**

As of the date of this Memorandum, the Company does not have cash or cash equivalents or assets that can be liquidated. It does not currently have any significant capital commitments, except the agreement to repay the Manager for Offering expenses occurred on the Company’s behalf which will be repaid through Offering proceeds if it acquires properties. The Company’s sole source of capital until it acquires the Properties will be monies raised through this Offering.

**Plan of Operations**

The Company plans to acquire and operate cash flowing real estate assets. It intends to purchase mostly stabilized and some value-add properties. It plans to control expenses and increase income where possible. The amount of capital raised in the first 12 months will drive decision-making as to the size and type of property (or properties) that are initially purchased. There will be a mindful approach to maximizing the risk-adjusted returns to early investors in the near term while also taking into consideration the success and longevity of the overall fund for the next decade and potentially beyond. The Company believes that the proceeds from this Offering will satisfy its cash requirements to implement the foregoing 12-month plan of operations, however, the Company may raise additional capital for the acquisition of additional real estate assets.

**Trends**

Inflation rates have increased to highs not seen in almost 40 years. If interest rates remain high, it could limit the amount of financing the Company seeks. In addition, the cost of construction materials has increased during the past couple years. Consequently, it has become more expensive to make renovations to real estate. The Company will account for such costs, but material increases in such costs could impact the Company’s expected revenues.

# Management And Certain Security Holders

## First Distribution Capital, LLC

First Distribution Capital, LLC, a Washington limited liability company is the Manager of the Company. Andrew Polak and Jodi Polak are members and managers of the Manager and Justin Jensen, and Brandon Drexler are members of the Manager. The Manager shall manage all business and affairs of the Company. The Manager shall direct, manage, and control the Company to the best of its ability and shall have full and complete authority, power, and discretion to make any and all decisions and do any and all things the Manager deems to be reasonably required to accomplish the investment objectives of the Company. The Members will have little or no control over the Company's day-to-day operations and will be able to vote only on limited matters. The Manager will make all other decisions.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name(1)** | **Position** | **Age** | **Term of Office(2)** | **Hours per week (if part-time)** |
| Andrew Polak | Member and manager of the Manager, CEO | 47 | March 2024 – Present | Full-time |
| Jodi Polak | Member and manager of the Manager, COO | 47 | March 2024 - Present | Full-time |
| Justin Jensen | Member of Manager, CFO | 50 | March 2024 - Present | Transitioning to Full-time |
| Brandon Drexler | Member of Manager, CDO | 50 | March 2024 - Present | Transitioning to Full-time |

(1) Andrew Polak and Jodi Polak are husband and wife.

(2) The Manager was recently formed in conjunction with the formation of the Company.

## Andrew Polak, Fund Manager/Investor Relations

As founder of the Company, Andy is responsible for the implementation of the fund’s investment strategy and management of the overall portfolio to ensure that the mission, vision, and values of the Company are being achieved to minimize risk and maximize returns for passive investors.

Andy is a retired firefighter who also possesses extensive expertise in active real estate investment. Over the last 20 years, he has had direct investment experience across several asset classes including, sustainable timber land, short-term rentals, single and multifamily residential, office, retail, mixed-use commercial, and development projects. Andy has also participated in real estate joint ventures, syndications, and funds passively with other operators. His strategic approach to real estate has been honed through founding and managing a successful real estate investment company with his wife Jodi which allowed them to achieve financial independence in their 30s. Ultimately, Andy chose to retire early from a career in public service on his 40th birthday to pursue other endeavors. Together, Andy and Jodi currently manage a diversified portfolio of real estate assets providing space for more than 20 successful commercial tenants and 18 doors of class-A apartments to residential tenants.

Andy is passionate about helping fellow first responders, friends, and family achieve financial independence through real estate. His goal is to leverage his knowledge and experience in a collaborative way to assist in creating passive income streams and ensuring a secure financial future for those dedicated to public service and beyond.

Serving over 20 years as a first responder for multiple agencies, Andy spent the bulk of his career at one of the busiest firehouses in Washington State. In addition to his primary role as a Firefighter, he also served as a paramedic and was a rescue-tech on a regional technical rescue team. He volunteered for the Alpental Ski Patrol, and was an active member of his countywide search & rescue team.

Currently, Andy serves on the board of his local Downtown Association and holds a position as the liaison to the Historic Landmark & Design Commission, where he also serves as commissioner. A committed lifelong learner, Andy has spent time in over 35 countries and continues to participate in various educational programs both domestically and abroad. He has attended countless lectures and courses on global macroeconomics, due diligence, asset protection, tax efficiencies, lease negotiations, SEC compliance, real estate syndication, and fund strategies. Andy also recently graduated with a 4.0 GPA from Central Washington University, earning his fourth Bachelor’s degree.

Business/Employment experience for the last 5 years

Company: Real Works, LLC (owned by Jodi & Andy)

Title: Real Estate Portfolio Manager

Dates of Service: 2003-2016 Part-time, 2017-Present Full-time

Description of Duties: Asset management, sourcing financing, lease negotiations, etc.

## Jodi Polak, Acquisitions & Asset Manager

As asset and acquisitions manager of the Company, Jodi focuses on property procurement, optimization of ongoing management, and implementation of company standards and objectives.

Jodi is a real estate broker with over 12 years of experience in residential and commercial transactions. She is familiar with the valuation, due diligence, feasibility, escrow, and closing process of complex real estate transactions. She currently oversees a large and diverse portfolio of commercial properties with a focus on e-commerce resistant retail and mixed-use residential spaces. Jodi has also devoted 16 years of her professional career to project management in the construction industry, including working for a large developer that has acquired, constructed, and managed over $21 Billion in real estate assets. She has cultivated a wide range of construction experience in custom high-end residential, high-rise condominium, resort development, and commercial retail, as well as managing the remodeling and expansion of schools and hospitals.

Jodi has played a pivotal role in numerous high-profile projects including the Lodge at Suncadia Resort, the Luma high-rise condo project, and the Hilton Motif Hotel in downtown Seattle. Another passion of hers has been historic preservation and adaptive reuse projects. She recently completed the significant rehabilitation of a 30,0000 sq. ft. building that was over 130 years old. It once housed a grand hotel but had shuttered its doors over 70 years ago. Jodi was able to revitalize this forgotten space into high-end apartments with modern amenities while retaining much of the original style and historic features. In 2022 this project earned her a prestigious award from the Department of Archeology and Historic Preservation for the best brick and mortar restoration project in the State of Washington.

Jodi holds a Bachelor’s Degree in Construction Management from Central Washington University and later obtained her Real Estate Broker license to help facilitate the acquisition of her own assets and aid friends and family in buying and selling properties for themselves.

Jodi is dedicated to contributing her skills and knowledge back into the community, participating in various local development projects. Jodi also engages in mentoring aspiring professionals in the fields of real estate and construction management, sharing insights from her extensive experience and ongoing educational pursuits.

Business/Employment experience for the last 5 years

Company: Belsaas & Smith Construction, Inc.

Title: Project Manager

Dates of Service: 2021-Present, full-time

Description of Duties: Planning scheduling, and managing construction projects, maintaining budgets, contracting subcontractors, and procuring materials.

Company: Real Works, LLC (owned by Jodi & Andy)

Title: Portfolio Manager

Dates of Service: 2003-Present, part-time

Description of Duties: Asset management, sourcing financing, lease negotiations, etc.

Company: Keller Williams Realty

Title: Real Estate Broker

Dates of Service: 2012-Present, part-time

Description of Duties: Negotiate purchase and sale agreements and manage their milestones through closing

## Justin Jensen, Tax & Financial Stregist

Justin is responsible for implementing financial, accounting, and tax strategies to optimize property performance and minimize tax obligations to passive investors.

With over 20 years of experience, Justin brings a wealth of knowledge in accounting and tax strategies to the Company from various sectors including residential and commercial rentals, real estate development, hospitality, and venture companies across multiple industries. Justin utilizes his extensive and direct experience serving the construction and real estate industries by heading up the Cost Segregation, R&D Credits, Opportunity Zones, and 1031 Exchange specialties at his current firm.

Justin's entrepreneurial drive and ongoing commitment to helping the Company fulfill its mission underscore his commitment to helping others create lasting wealth. His ambition is to continue fostering growth and providing top-tier personalized tax services for real estate investors. He is passionate about helping others create and maintain wealth by maximizing IRS incentives that are commonly overlooked by many in the industry.

Justin launched his career in 2001 with PricewaterhouseCoopers, LLP, focusing on providing tax preparation and consulting services to privately held companies and their owners. He then moved into a private industry position as the Tax Director of a large real estate company with more than $2 billion in assets. Joining Morrison, Clark & Company in 2017, Justin became a Tax Partner in 2019.  
  
Educated at Utah State University, Justin holds a BS in Accounting and an MBA with a focus in Accounting. An active member of the accounting community, he is affiliated with multiple professional societies and maintains licensure in Arizona and Washington. Dedicated to service, Justin contributes to his community through non-profit board participation and church leadership.

Business/Employment experience for the last 5 years

Company: Morrison Clark & Co CPA’s

Title: Tax Partner

Dates of Service: 2017-Present

Description of Duties: Tax consulting and advising

## Brandon Drexler, Real Estate Development Manager

In his role overseeing new business development opportunities, Brandon manages strategic partnerships, fundamental project cost analysis, entitlements, and construction projects.

Brandon brings a wealth of knowledge to the Company with 25 years of experience in the construction industry. He has a strong background encompassing infrastructure, land development, and commercial vertical construction. His proficiency in land segregation and entitlements has been honed through hands-on experience and strategic leadership as the co-owner of a large general contractor company in Central Washington.  
  
At a relatively young age, Brandon successfully converted a single land parcel into six profitable buildable lots, kickstarting his journey into real estate investing. Recognizing the ability to create value through land development propelled him onto a profitable journey including many additional value-add projects. He has continued to combine his deep knowledge of the construction industry with a passion for real estate investing. His ambition is to continue growing a portfolio of residential and commercial properties, and create value through strategic construction projects alongside other like-minded investors.

Previous to owning a large general contracting company, Brandon served as the Director of his county’s Public Works Department. This provided him with comprehensive insights into construction, land segregation, and entitlements, positioning him as a seasoned veteran in managing complex construction projects.

Brandon received a degree in Construction Management from Central Washington University. As an alumnus, Brandon served ten years on the CWU Construction Management Department Advisory Board, guiding the next generation into the construction field. His dedication to community service is also manifested in his membership with Generations of Ellensburg, where he aligns with other entrepreneurs to uplift the local community.

Business/Employment experience for the last 5 years

Company: Belsaas & Smith Construction

Title: Co-owner

Dates of Service: 2008-Present

Description of Duties: Overseeing all aspects of horizontal and vertical construction.

## Sponsor / Key Principal Units

The Manager and its Affiliates or designees have been issued a total of 100 Class M Units. As of the date of this Memorandum, this represents 100% of the ownership of the Company. Once Class A or Class B Units are sold, this will represent 50% of the ownership of the Company. The Manager and its Affiliates or designees may purchase additional Class A and Class B Units in parity with other Members.

## Employees and Consultants

The Company does not currently have employees but may hire employees or contractors as needed for the day-to-day business of the Company in the Manager’s sole discretion. The Manager will provide executive services to the Company and will receive compensation for services rendered as described above.

The Company will engage counselors and consultants to provide accounting, tax return preparation, legal, and related services from time to time, as required, and the Company will bear the related costs.

## Fiduciary Responsibility of Manager

Generally, a manager is accountable to a limited liability company as a fiduciary and consequently must exercise good faith and integrity in handling company affairs. This is a rapidly developing and changing area of the law and investors who have questions concerning the duties of the Manager should consult with their attorney.

Wyoming Statutes § 17-29-409 imposes fiduciary duties on a limited liability company’s managers including the duties of care, loyalty, and good faith because of the amount of control and responsibility given to the managers. However, the Company’s Operating Agreement sets forth that the Manager shall not have any duty (including any fiduciary duty) to the Company, the Members, or any other Person, including any fiduciary duty associated with self-dealing or corporate opportunities, all of which are expressly waived.

The Operating Agreement specifically allows the Manager to devote such time and effort to the Company’s business as the Manager, in its sole discretion, determines to be necessary to promote adequately the interest of the Company and the mutual interest of the Members. The Operating Agreement specifies that the Manager and its Affiliates shall not be required to devote full time to the Company’s business. Furthermore, the Manager and any of the Manager’s Affiliates may engage in and possess interests in other business ventures of any and every type or description, independently or with others. Neither the Company nor any Member shall have any right, title, or interest in or to such independent ventures of the Manager. The Manager and the Manager’s Affiliates may compete with the Company through any such independent venture, without liability to the Company for so doing. In addition, the Manager is under no obligation to present any investment opportunity to the Company, even if such an opportunity is of a character that, if presented to the Company, could be taken by the Company for its own account.

## Legal Proceedings

Neither the Company nor the Manager are party to any legal proceedings nor have any legal proceedings been, to the best of the Company or Manager’s knowledge, threatened against the Company or the Manager. Additionally, the Company and the Manager, to the best of their knowledge, are unaware of any prior legal proceedings that would be material to this Offering.

# Management Compensation and Fees

The Manager and other members of the Company’s management, along with their Affiliates, may receive substantial fees and compensation in connection with the management of the Company, the Company’s assets, investments, and operations, and reimbursement for expenses incurred on behalf of the Company as further described below. The Manager reserves the right to assign any fee, income, or compensation due. The maximum amount of fees the Manager, the other members of the Company’s management, or their Affiliates may receive cannot be determined at this time. The compensation arrangements described herein have been established by the Manager and are not the result of arm’s-length negotiations. The following fees may be paid from capital contributions, revenues, or reserves.

Deferred reimbursements and Fees, or Manager loans will be treated as a Manager Advance and will earn no more than twelve percent (12%) interest annually from the date of closing until repaid. The compensation arrangements described herein have been established by the Manager and are not the result of arm’s-length negotiations. The following fees may be paid from capital contributions, revenues, or reserves.

The Manager, its designated Affiliates, and/or third parties will receive the following fees, in addition to distributions of Distributable Cash, as set forth herein:

Acquisition Fee: For their efforts in conducting due diligence and making this investment opportunity available to the Company and its Members, the Manager, its Affiliates, and/or designated assigns shall earn an acquisition due diligence fee of one percent (1%) of the purchase price of the Properties.

Refinance Fee: For their efforts in applying for and securing refinance proceeds for the Properties, the Manager, its Affiliates, and/or its designated assigns shall earn a refinance fee of one percent (1%) of any new loan amount.

Reimbursement of Expenses; Fees for Professional Services: The Company will reimburse the Manager or its Affiliates reasonable expenses paid or incurred in connection with the Company’s operations. Such reimbursements may be paid from Capital Contributions, operating revenue, or reserves. In addition, the Manager or its Affiliates will be reimbursed the fair value for provision of additional services to the Company at reasonable commercial rates on either an hourly or per-service basis.

# Prior Performance

The Company is newly formed specifically to pursue its proposed business and has no prior experience raising or investing funds. As a newly formed entity, the Company has had no financial transactions and does not have any financial statements to provide for prospective investors’ review. Investors should not invest if they are not comfortable making an investment in the absence of such information or otherwise deem such information material in their decision-making process. In addition, management members do not have experience raising funds from investors, but they do have significant experience investing in real estate.

# Related Transactions and Conflicts of Interest

## Related Party Transactions

The Manager has been issued a total of 100 Class M Units in the Company and is therefore a Member of the Company as a result thereof. In addition, the Manager and/or its Affiliates have advanced approximately $50,000 which has been used to pay technology, legal, and other expenses and will be reimbursed with funds raised in this Offering.

## Conflicts of Interest

The proposed method of operation of the Company creates certain inherent conflicts of interest among the Company, the Manager, the Members, and their Affiliates. The Manager, the Members, and their Affiliates may act, and are acting, as managers of other limited liability companies, as general partners of partnerships, or in a managerial capacity in other businesses. The Manager and its Affiliates have existing responsibilities and, in the future, may have additional responsibilities to provide management and services to a number of other entities, including to multiple properties. Prospective investors should carefully consider these important conflicts of interest and those described with the risk factors before investing in the Company. See “Risk Factors” on page 19. Additional conflicts of interest may be, but are not limited to, the following:

*The Company may purchase Properties from the Manager, its members, or their Affiliates*. These Properties may include projects developed by companies in which the Manager, its members, or their Affiliates have an ownership interest. Such transactions will not have the benefit of being negotiated at arm’s length. The Properties in such transactions shall be valued using one or more broker price opinions and projected cap rates for the property. The Company may pay more for a particular property than it would have if it negotiated the purchase of a similar property from an unrelated third-party.

*The Manager and its Affiliates may be involved with similar investments or businesses.* The Manager and its Affiliates may act as manager or be a member in other business entities engaged in making similar investments to those contemplated to be made by the Company. The Manager and its Affiliates who will raise investment funds for the Company may act in the same capacity for other investors, companies, partnerships, or entities that may compete with the Company. To the extent its time is required on these business and management activities, they may not be available to be involved in the day-to-day monitoring of the Company's operations.

*The Manager, certain Members, and their Affiliates will receive compensation from the Company.* Payments to the Manager, the Members, and their Affiliates for services rendered to the Company have not been and will not be determined by arm’s length negotiations. See “” on page 36. Additionally, the existence of the Manager’s or its Affiliates’ interest in Distributable Cash (i.e., right to participate in net proceeds from investments) may create an incentive for the Manager to make more risky business decisions than it would otherwise make in the absence of such carried interest. However, the Manager will evaluate such proposals consistent with the criteria and standards set forth herein. See “Investment Objectives” on page 15.

The Manager and *its* Affiliates may not have had the benefit of separate counsel.Attorneys, accountants, and/or other professionals representing the Company may also serve as counsel or agent to the Manager and certain of its Affiliates, and it is anticipated that such multiple representation may continue in the future. As a result, conflicts may arise, and if those conflicts cannot be resolved or the consent of the respective parties cannot be obtained to the continuation of the multiple representations after full disclosure of any such conflict, such counsel will withdraw from representing one or more of the conflicting interests with respect to the specific matter involved.

# Distributions and Allocations

## Timing of Distributions

Distributions will be made in accordance with the terms of the Operating Agreement. The Company expects that distributions will begin six months after the acquisition of the first investment.

## Cash Distributions

Distributable Cash will come from two sources: Company operations and Capital Transactions, and will be made as follows below. Distributions shall be prorated for any Member who was not a Member of the Company for the entire period of time for which a distribution is made.

Distributable Cash will be distributed as follows:

* First, the Investor Members shall ratably receive a cumulative, non-compounding preferred return calculated on their Capital Contributions, with Class A receiving seven percent (7%) per annum, and Class B receiving five percent (5%) per annum.
* Second, any remaining Distributable Cash will be distributed fifty percent (50%) to the Investor Members, and fifty percent (50%) to the Class M Members, ratably apportioned according to their respective Membership Interests, until Investor Members have received all their Unreturned Capital Contributions, with any amounts distributed under this paragraph being treated as a return of Capital Contributions for Investor Members.
* Thereafter, any remaining Distributable Cash will be distributed to the Class M Members, ratably apportioned according to their respective Membership Interests.

Distributable Cash from dissolution and liquidation of the Company will be distributed as follows:

* First, the Investor Members shall ratably receive all their Unreturned Capital Contributions.
* Second, the Investor Members shall ratably receive any accrued but unpaid preferred return.
* Thereafter, any remaining Distributable Cash will be distributed to the Class M Members, ratably apportioned according to their respective Membership Interests.

While the Company intends to mostly employ a buy and hold strategy with the Properties, it may elect to sell a property and reinvest the proceeds in a new property rather than distributing the proceeds as described above.

Please review the foregoing distribution terms in the Operating Agreement, included as Exhibit 2 to this Memorandum, before purchasing any Units.

## Allocations

Except as otherwise provided in this Agreement, Profits and Losses (including individual items of profit, income, gain, loss, credit, deduction and expense) of the Company will be allocated among the Members in a manner such that the Capital Account balance of each Member, immediately after making that allocation, is, as nearly as possible, equal (proportionately) to the distributions that would be made to that Member pursuant to Section 12.4 if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their fair market value, as reasonably determined by the Manager, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Fair Market Value of the assets securing that liability), and the net assets of the Company were distributed in accordance with Section 12.4 to the Members immediately after making that allocation, adjusted for applicable special allocations, computed immediately prior to the hypothetical sale of assets.

In the event that Members are issued Units on different dates, the Profits or Losses allocated to the Members for each Fiscal Year during which Members receive Units will be allocated among the Members in accordance with Section 706 of the Code, using any convention permitted by law and selected by the Manager. For purposes of determining the Profits, Losses and individual items of income, gain, loss credit, deduction and expense allocable to any period, Profits, Losses and any other items will be determined on a daily, monthly, or other basis, as determined by the Manager using any method that is permissible under Section 706 of the Code and the Treasury Regulations. Except as otherwise provided in this Agreement, all individual items of Company income, gain, loss, and deduction will be divided among the Members in the same proportions as they share Profits and Losses for the Fiscal Year or other period in question, except as modified to give effect to the special allocations described in Section 4.4 of the Agreement.

Allocation of Profits and Losses may be modified by subsequent agreement to conform to adjustments made to the Membership Interests because of loans to the Company converted to contributions to capital, any non-uniform distributions of cash, and any liquidating distributions.

Prospective investors should read the Operating Agreement for a more detailed description of how Profits and Losses will be allocated to the Members.

# Summary of the OPERATING AGREEMENT

The rights and obligations of the Company’s Members are governed by the Operating Agreement, which each prospective investor will be required to execute as a condition to purchasing Units. The following summary covers certain significant provisions of the Operating Agreement and is qualified in its entirety by the provisions of the Operating Agreement. It is the intent of the Company that this Memorandum accurately summarize and represent the terms of the Operating Agreement. However, in the event that any term of this Memorandum conflicts with the Operating Agreement, the Operating Agreement shall control. Each prospective investor should carefully study the Operating Agreement attached hereto as Exhibit 2 in its entirety before purchasing Units.

|  |  |
| --- | --- |
| **Interests in the Company:** | Interests in the Company are divided into Class A, Class B, and Class M Units. The Company is authorized to issue as many Class A and Class B Units as necessary to fully fund its business purpose. Un-issued Units may not be voted or allocated Profits, Losses, or distributions. Class M Units are reserved for the Manager, its Affiliates, and/or assigns. The Class M Unit holders may purchase Class A and Class B Units in parity with the prospective investors. Investor Units shall collectively comprise 50% and Class M Units shall comprise 50% of the Membership Interests of the Company. |
| **The Manager:** | First Distribution Capital, LLC is the Manager of the Company. The mailing address of the Manager is 2000 1st Ave, #501, Seattle, WA 98121.  The Manager will manage all business and affairs of the Company. The Manager will direct, manage, and control the Company to the best of its ability and will have full and complete authority, power, and discretion to make any and all decisions and to do any and all things that the Manager deems to be reasonably required to accomplish the business and objectives of the Company. |
| **The Members:** | The Members are not permitted to take part in the management or control of the business or operations of the Company. Assuming that the Company is operated in accordance with the terms of the Operating Agreement, a Member generally will not be liable for the obligations of the Company in excess of its total Capital Contributions and share of undistributed profits. However, a Member may be liable for any distributions made to the Member if, after such distribution, the remaining assets of the Company are not sufficient to pay its then outstanding liabilities. The Operating Agreement provides that the Members will not be personally liable for the expenses, liabilities, or obligations of the Company. |
| **Capital Calls:** | A Member or prospective member’s promise to make a Capital Contribution to the Company is enforceable if in writing and signed by the Person making the promise and shall be enforceable against the Member’s heirs, legal representatives, or successors without regard to death, disability, or other changed circumstances of the Member. Upon admittance to the Company, the Investor Members shall be required to make an initial Capital Contribution, not to exceed their Capital Commitment to the Company, in such proportion as the Manager determines in its sole discretion.  The Capital Commitments of the Investor Members shall be provided to the Company, in tranches, upon a Capital Call made by the Manager. Such Capital Calls will be made by the Members ratably in proportion to their respective Membership Interests. Capital Calls for amounts up to the total Capital Commitment of each Investor Member may be made by the Manager at any time at its sole discretion. The Members shall make Capital Contributions requested in a Capital Call to the Company within fourteen (14) days of receipt of Notice delivered by the Manager (or such longer period as the Manager may specify in the Notice provided). |
| **Voting Rights of the Members:** | Unless otherwise specified in the Operating Agreement or required by law, any action requiring the approval of the Members may be approved by the vote or written consent of the Members entitled to vote or consent. The approval of the Members is required for:   * The removal of the Manager. * Amending the Operating Agreement other than to (i) change the name of the Company or the location of its principal office; (ii) add to the duties or obligations of the Manager; (iii) cure any ambiguity or correct or supplement any inconsistency in the Agreement; (iv) correct any printing, stenographic, or clerical errors or omissions in order that the Agreement shall accurately reflect the agreement among the Members; (v) reflect information regarding the admission of any additional or substitute Member; or (vi) comply with the single-purpose-entity or other requirements for any mortgage loan secured by the Properties, provided in each case that the Manager reasonably determines that such amendment will not subject any Member to any material, adverse economic consequences. * The dissolution of the Company, except as otherwise provided for in the Operating Agreement. * The requirement of Additional Capital Contributions. * Payment of additional compensation to the Manager or its Affiliates. * Expulsion of a Member. * Such other matters as are required by the Operating Agreement or the WLLCA. |
| **Term and Dissolution:** | The term of the Company commenced upon the filing of the Company’s Articles of Organization with the Wyoming Secretary of State on March 22, 2024 and will last in perpetuity or until such time as the winding up and liquidation of the Company and its business is completed following a liquidating event.  The Company will be dissolved upon the occurrence of any of the following events:   * The liquidation and/or distribution of all Company Assets. * A vote of at least seventy-five percent (75%) of the voting Membership Interests held by Investor Members, provided, however, the Manager shall have the authority to liquidate all Company Assets and dissolve the Company at the time and pursuant to such terms as the Manager may believe to be in the best interest of the Company. * The withdrawal of the Manager unless (i) the Company has at least one other Manager, or (ii) within 90 days after the withdrawal, the Members vote to continue the business of the Company and to appoint one or more additional Managers. * The withdrawal of all the Members unless the Company is continued in accordance with the WLLCA. * The entry of a decree of judicial dissolution. |
| **Distributions and Allocations:** | See “Distributions and Allocations” on page 38. |
| **Access to Company Information:** | Members, but not Assignees, may examine and audit the Company’s books, records, accounts, and assets at the principal office of the Company, or such other place as the Manager may specify, subject to such reasonable restrictions as may be imposed by the Manager. All expenses attributable to any such examination or audit shall be borne by such Member. |
| **Indemnification:** | The Operating Agreement generally provides that the Company will indemnify the Manager, its Affiliates, and certain other parties against any claim or loss incurred in connection with any action, suit, or proceeding resulting from such party’s relationship to the Company. A party will not be indemnified with respect to matters as to which the party is finally adjudicated in any such action, suit or proceeding (a) to have acted in bad faith, or in the reasonable belief that the party’s action was opposed to the best interests of the Company, or with gross negligence or willful misconduct, or in breach of such party’s fiduciary duty to the Company (if any), or (b) with respect to any criminal action or proceeding, to have had cause to believe beyond any reasonable doubt the party’s conduct was criminal. The Company will pay the expenses incurred by an indemnified party in connection with any such action, suit, or proceeding, or in connection with claims arising in connection with any potential or threatened action, suit, or proceeding, in advance of the final disposition of such action, suit, or proceeding. Upon receipt of a final judgment indicating that indemnification should not have applied, then such party will repay indemnification payments.  To the extent that the indemnification provisions purport to include indemnification for liabilities arising under the Securities Act of 1933, in the opinion of the Securities and Exchange Commission, such indemnification is contrary to the public policy and therefore unenforceable. |
| **Exculpation:** | The Manager may not be liable to the Members for errors in judgment or other acts or omissions not amounting to willful misconduct or gross negligence since provision has been made in the Operating Agreement for exculpation of the Manager. Therefore, purchasers of the Units have a more limited right of action than they would have absent the limitation in the Operating Agreement. |
| **Removal of a Manager:** | A Manager may be removed for Good Cause by the Members entitled to vote or consent holding seventy-five percent (75%) of Membership Interests (excluding the Manager to be removed or any Members who are Affiliates of the Manager to be removed). However, no Manager may be removed during any period its principal has personally guaranteed a loan secured by the Property without the applicable lender’s consent. For purposes of the foregoing, “Good Cause” means that the Manager conducted itself on behalf of the Company in a manner that (i) constitutes gross negligence or willful misconduct and (ii) has a material, adverse effect on the Company. In the event the Members vote to remove the Manager for Good Cause, the Manager will have the right to submit the question of whether sufficient grounds for removal exists to binding arbitration, to be conducted as further described in the Operating Agreement.  No Member, including a Manager, if applicable, will have any special right to withdraw upon a removal of a Manager. |
| **Transfers of Units:** | A Member is not permitted to assign, pledge, mortgage, hypothecate, give, sell, or otherwise dispose of or encumber all or a portion of its Units, unless such transfer:   * Is approved by the Manager, which approval may be granted or withheld in its sole discretion and subject to such conditions as it may impose; * Is evidenced by a written agreement, in form and substance satisfactory to the Manager, that is executed by the transferor, the transferee(s), and the Manager; * Will not result in violation of the registration requirements of the Securities Act; * Will not require the Company to register as an investment company under the Investment Company Act of 1940, as amended; and * Will not result in the Company being classified for federal income tax purposes as an association taxable as a corporation.   The transferor of any Units is required to reimburse the Company for any expenses reasonably incurred in connection with a transfer, including any legal, accounting, and other expenses, whether or not such transfer is consummated.  A permitted Transfer of Investor Units is subject to the right of first refusal given to the Manager, its Affiliates, and the Members as described in Section 7.4(e). A Member may Transfer its Units without the consent of the Manager or any other Member to a trust for his or her benefit, to his or her spouse, to a trust for the benefit of his or her spouse, to his or her Immediate Family, or to a trust for the benefit of his or her Immediate Family, subject to certain conditions and such a Transfer is not subject to the Company’s right of first refusal.  The transferee of any Units in the Company that is admitted to the Company as a substituted Member will succeed to the rights and liabilities of the transferor Member and, after the effective date of such admission, the capital account of the transferor will become the capital account of the transferee, to the extent of Units transferred.  See Article 11 of the Operating Agreement for full details on transfer provisions and restrictions. |
| **Additional Capital Contributions:** | Additional Capital Contributions may be required by a vote of the Members or by the agreement of the contributing Members and the Manager. Further, the Manager or the Members may advance funds to the Company for costs relating to the operation of the Company, management of the Company’s investments, and satisfying the Company’s obligations. |
| **Dispute Resolution:** | Because the fundamental nature of the Company is to provide an opportunity for the Members to receive cash distributions of profits from Company operations, it is imperative that disputes between a Member and the Company and/or a Manager or between Members are not allowed to extinguish or diminish the profits available to other Members. Thus, the Operating Agreement contains a detailed internal alternative dispute resolution procedure (in lieu of litigation) which requires the parties to any dispute to engage in good-faith negotiations for no less than 90 days, followed by a minimum of 3 face-to-face mediations, and, as a last resort, binding arbitration, all of which shall be performed in accordance with the rules of the American Arbitration Association and will take place in the county of the principal office of the Company.  In the event of a dispute, a Member is limited to seeking its initial Capital Contributions plus any Distributable Cash to which it is entitled. Each party will bear its own attorneys’ fees and costs regardless of the outcome. In the event arbitration is required, discovery will be limited, and, by signing the Operating Agreement, the parties are giving up their rights to a jury trial. The Manager will be required to maintain the *status quo* with respect to Company operations and distributions pending the outcome of any dispute, except for any distributions to the complaining Member, which will be held in trust pending the outcome of the proceeding. Investors are encouraged to seek their own legal counsel as to the effect of this provision. |
| **Partnership Representative:** | The Manager may designate the IRS Partnership Representative each year until dissolution in its sole discretion. The initial Partnership Representative is the Manager. |

# Retirement Trusts and Other Benefit Plan Investors

Each respective Member that is an employee benefit plan or trust (an “ERISA Plan”) within the meaning of, and subject to, the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), or an individual retirement account (“IRA”) or Keogh Plan subject to the Internal Revenue Code, should consider the matters described below in determining whether to invest in the Company.

In addition, ERISA Plan fiduciaries must give appropriate consideration to, among other things, the role that an investment in the Company plays in such ERISA Plan's portfolio, taking into consideration (i) whether the investment is reasonably designed to further the ERISA Plan's purposes, (ii) an examination of the risk and return factors, (iii) the portfolio's composition with regard to diversification, (iv) the liquidity and current return of the total portfolio relative to the ERISA Plan's objectives and (v) the limited right of Members to withdraw all or any part of their capital accounts or to transfer their interests in the Company.

If the assets of the Company were regarded as “plan assets” of an ERISA Plan, an IRA, or a Keogh Plan, the Manager of the Company would be a “fiduciary” (as defined in ERISA) with respect to such plans and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. Moreover, other various requirements of ERISA would also be imposed on the Company. In particular, any rule restricting transactions with “parties in interest” and any rule prohibiting transactions involving conflicts of interest on the part of fiduciaries would be imposed on the Company which may result in a violation of ERISA unless the Company obtained an appropriate exemption from the Department of Labor allowing the Company to conduct its operations as described herein.

Regulations adopted by the Department of Labor (the “Plan Regulations”) provides that when a Plan invests in another entity, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that, among other exceptions, the equity participation in the entity by “benefit plan investors” is not “significant.” The Pension Protection Act of 2006 amended the definition of “benefit plan investors” to include only plans and plan asset entities (i.e., entities that are themselves deemed to hold plan assets by virtue of investments in them by plans) that are subject to part 4 of Title I of ERISA or section 4975 of the Internal Revenue Code. This new definition excludes governmental, church, and foreign benefit plans from consideration as benefit plan investors.

Under the Plan Regulations, participation by benefit plan investors is “significant” on any date if, immediately after the last acquisition, twenty-five percent (25%) or more of the value of any class of equity interests in the entity is held by benefit plan investors. The Company intends to limit the participation in the Company by benefit plan investors to the extent necessary so that participation by benefit plan investors will not be “significant” within the meaning of the Plan Regulations. Therefore, it is not expected that the Company assets will constitute “plan assets” of plans that acquire interests.

It is the current intent of the Company to limit the aggregate investment by benefit plan investors to less than twenty-five percent (25%) of the value of the Members' membership interests so that equity participation of benefit plan investors will not be considered “significant.” The Company reserves the right, however, to waive the twenty-five percent (25%) limitation. In such an event, the Company would expect to seek exemption from application of “plan asset” requirements under the real estate operating company exemption.

ACCEPTANCE OF SUBSCRIPTIONS ON BEHALF OF INDIVIDUAL RETIREMENT ACCOUNTS OR OTHER EMPLOYEE BENEFIT PLANS IS IN NO RESPECT A REPRESENTATION BY THE COMPANY OR ITS OFFICERS, DIRECTORS, OR ANY OTHER PARTY THAT THIS INVESTMENT MEETS ALL RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY ANY PARTICULAR PLAN. THE PERSON WITH INVESTMENT DISCRETION SHOULD CONSULT WITH HIS OR HER ATTORNEY AND FINANCIAL ADVISERS AS TO THE PROPRIETY OF SUCH AN INVESTMENT IN LIGHT OF THE CIRCUMSTANCES OF THAT PARTICULAR PLAN AND CURRENT TAX LAW.

# Federal and State Taxes

The potential investor should be aware of the material Federal and State income tax aspects of an investment in the Units. Investors should consult with their tax professional to determine the effects of the tax treatment of the Class A and Class B Units with respect to their individual situation.

## Reporting Status of the Company

The Company will elect to be treated as a partnership for Federal and State income tax purposes. By maintaining partnership tax status, the Company will not report income or loss at the Company level but will report to each Member their pro rata share of Profits and Losses from operations and disposition. This process will make the Company a pass-through entity for tax purposes.

## Taxation of Members

The Company will be treated as a partnership for Federal tax purposes. A partnership is not generally a taxable entity. A Member will be required to report on their federal tax return their distributable share of partnership profit, loss, gain, deductions, or credits. Cash distributions may or may not be taxable, depending on whether such cash distribution is being treated as a return of capital or a return on investment. Tax treatment of the cash distributions will be treated according to appropriate tax accounting procedure as determined by the Company’s tax advisor.

## Basis of the Company

An original tax basis will be established for the Company. The tax basis of the Company will be adjusted during the operations of the Company under applicable partnership tax principles.

## Basis of a Member

A Member will establish their original tax basis based on the amount of their initial Capital Contribution. Each Member’s tax basis will be adjusted during operations of the Company by principles of subchapter K of the Internal Revenue Code. A Member may deduct, subject to other tax regulations and provisions, their share of Company Losses only to the extent of the adjusted basis of their Interest in the Company. Members should seek qualified tax advice regarding the deductibility of any Company Losses.

## Cost Recovery and Recapture

The Manager may apply the current cost recovery rules to the improved portion of any real property according to the relevant Internal Revenue Code sections, namely: straight-line, using a 27.5-year useful life for residential property and thirty-nine (39) years for non-residential property. The Manager may elect to use the cost segregation method of depreciation for any personal property associated with real property it acquires on behalf of the Company.

The annual cost recovery deductions that must be taken by the Company will be allocated to the Members based on their Membership Interests in the Company. The cost recovery deductions will be available to the Members to shelter the principal reduction portion of the debt service payments and part of the cash flow distributed by the Company.

According to the current tax code, cost recovery deductions taken during operations may be required to be reported on the sale of the Company Assets and may be taxed at a twenty-five percent (25%) marginal rate, not the more favorable long-term capital gains rates.

## Deductibility of Prepaid and Other Expenses

The Company will incur expenditures for legal fees in association with the set-up of the Company. These expenditures will be capitalized and will be deducted on dissolution of the Company based on current tax law.

The Company will incur expenditures for professional fees associated with the preparation and filing of the annual income tax and informational return and the preparation of Schedule K-1 reports to be distributed to the Members. These expenditures will be deducted on an annual basis. All other normal operating expenses will be deducted on an annual basis by the Company, which will use a calendar accounting year.

## Taxable Gain

Members may receive taxable income from Company operations, from the sale or other disposition of a Member’s Membership Interests, from disposition of the Company Assets, or from phantom income. Presently, the maximum Federal tax rate on cost recovery recapture is twenty-five percent (25%). The balance of the taxable gain will be taxed at the capital gain tax rate in effect at that time. Investors should check with their tax professional for information as to what capital gains tax rate applies to them.

*From Operations*

The Manager is projecting that there will be taxable income to distribute to the Members on the Schedule K-1 report provided to each Member annually.

*From Disposition, Dissolution and Termination*

On disposition of the Company Assets or on dissolution and termination of the Company, which could involve the sale of the Company Assets, the Members may be allocated taxable income that may be treated as ordinary income or capital gain.

In addition, the Members may receive an adjustment in their Capital Account(s) that will either increase or decrease the capital gain to be reported. The Agreement describes the operation of Capital Accounts for the Company and the Members.

*From Sale or Other Disposition of a Member’s Interests*

A Member may be unable to sell their Membership Interests in the Company, as there may be no market. If there is a market, it is possible that the price received will be less than the market value. It is possible that the taxes payable on any sale may exceed the cash received on the sale.

Upon the sale of a Member’s Membership Interest, the Member will report taxable gain to the extent that the sale price of the Interest exceeds the Member’s adjusted tax basis. A portion of taxable gain may be reported as a recapture of the cost recovery deduction allocated to the Member and will be taxed at the cost recovery tax rate in effect at that time. Members should seek advice from their qualified tax professional in the event of the sale of the Member’s interest.

*Phantom Income*

It may occur that in any year the Members will receive an allocation of taxable income and not receive any cash distributions. This event is called receiving phantom income as the Member has taxable income to report but receives no cash. In this event, the Members may owe tax on the reportable income, which the Member will need to pay out of pocket.

*Unrelated Business Income Tax (UBIT)*

An Investor who is tax exempt (such as a charitable organization), or who acquires Units through a tax-exempt vehicle (such as an Individual Retirement Account) may be subject to Unrelated Business Income Tax (UBIT). The Manager recommends that Investors contact their qualified tax advisor to determine how/whether the application of UBIT may apply to them.

## Audits

*Election Out of Bipartisan Budget Act Audit Rules*

Effective for partnership returns for tax years beginning on or after January 1, 2018, partnerships will be subject to the audit rules of sections 6221 through 6241 of the Internal Revenue Code, as amended by Bipartisan Budget Act of 2015 (BBA). Under the previous rules, partnership audits (subject to certain exceptions for small partnerships) were conducted at the partnership level, through interaction with a Tax Matters Partner (TMP) authorized to bind all partners (subject to participation in some instances by Notice Partners). Tax adjustments were made at the partnership level, but the adjustments would flow through to the partners who were partners during the year(s) under audit. Collection would then occur at the partner level.

Under the BBA audit rules, the IRS will assess and collect tax deficiencies directly from the partnership at the entity level. Generally, the tax is imposed on and paid by the partnership in the current year, calculated at the highest individual rate. The result is that the underlying tax burden of the underpayment may be shifted from the partners who were partners during the year(s) under audit to current partners.

In addition, the positions of TMP and Notice Partners have been eliminated and replaced with a Partnership Representative, which must be designated annually on the partnership’s timely filed return. The Partnership Representative has the sole authority to act on behalf of the partnership and the partners in an audit, and those powers cannot be limited.

A partnership may elect out of the BBA audit rules if certain conditions are met. In order to elect out, the partnership must issue 100 or fewer K-1s each year with respect to its partners. Moreover, each partner must be either an individual, a C corporation, a foreign entity that would be treated as a C corporation if it were domestic, an S corporation, or the estate of a deceased partner. Thus, a partnership is ineligible to elect out if any partner is a trust (including a grantor trust), a partnership, or a disregarded entity, such as an LLC where the social security number of the individual member is used for income tax reporting purposes. The election out must be made annually on the partnership’s timely filed return and must include a disclosure of the name and taxpayer identification number of each partner. In the case of a partner that is an S corporation, each K-1 issued by the S corporation partner counts toward the limit of 100 K-1s. The partnership must notify each partner of the election out.

It is the intent of the Company to elect out of the BBA audit rules, if possible. By electing out of the BBA audit rules, the Company will be subject to audit procedures similar to the TEFRA and pre-TEFRA rules, but the IRS will be required to assess and collect any tax that may result from the adjustments at the individual partner level. However, this opt-out provision likely will not be available to the Company based on the tax classification of the Members.

Members will be required timely to furnish the Company with the information necessary to make the annual election, and the Company will be authorized to provide such information to the IRS.

*Push Out Election (Audit)*

The “push out” election of Internal Revenue Code section 6226 provides an alternative to the general rule that the partnership must pay any tax resulting from an adjustment made by the IRS. Under section 6226, a partnership may elect to have its reviewed year partners consider the adjustments made by the IRS and pay any tax due as a result of those adjustments. The partnership must make the “push out” election no later than 45 days after the date of the notice of final partnership adjustment and must furnish the Secretary and each partner for the reviewed year a statement of the partner’s share of the adjustment.

If the Company fails to make a valid election out of the BBA audit rules or is otherwise disqualified from electing out of their application, the Company intends to elect the application of the “push out” procedures. In the event of a push out, or if the “push out” is not effective, a former Member may owe additional tax if they were a Member during the reviewed year.

# Defined Terms

In addition to those capitalized and otherwise defined terms contained herein and therein the Operating Agreement, the following terms shall have the definitions ascribed hereunder.

“Accredited Investor” means those individuals that meet the criteria established by the SEC pursuant to the Securities Act, Regulation D, Section 230.501 (“Rule 501”).

“Affiliate” has the definition provided in the SEC’s Regulation D, Section 230.501(b), i.e., “a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.”

“Capital Commitment” means the total cash and other consideration agreed to be contributed to the Company by each Member, but which has not yet been contributed.

“Class A” or “Class A Member” shall refer to those Members who have purchased or otherwise acquired or been issued Class A Units.

“Class B” or “Class B Member” shall refer to those Members who have purchased or otherwise acquired or been issued Class B Units.

“Class M” or “Class M Member” shall refer to the Manager, its Affiliates, business partners, services providers, or other Persons who have been issued Class M Units in the sole discretion of the Manager.

“Company” refers to FDC Fund I, LLC, a Wyoming limited liability company.

“Distributable Cash” means all cash of the Company derived from operations and capital transactions, less the following items: (i) payment of all fees, costs, indebtedness, and expenses of the Company, (ii) any required tax withholdings, and (iii) reserves for future investment into additional Company Assets future expenses related to the Company’s operations, as established in the reasonable discretion of the Manager.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Plan” means an employee benefit plan or trust within the meaning of, and subject to, the provisions of ERISA.

“Good Cause” means, in reference to an action to remove a Manager, that the Manager conducted itself on behalf of the Company in a manner that (i) constitutes gross negligence or willful misconduct and (ii) has a material, adverse effect on the Company.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Investor Member” refers to any Members in the Company who have been issued and currently hold Investor Units.

“Investor Units” refers to any Units other than Class M Units.

“IRA” means an individual retirement account.

“Manager” means First Distribution Capital, LLC, a Washington limited liability company, or any other person or persons, or entity that becomes a manager pursuant to the Operating Agreement.

“Maximum Offering Amount” means $20,000,000.00, the maximum aggregate investment in Units allowed under the terms of this Offering.

“Member” means a party holding membership interests in the Company. The term “Member” as used herein will include a Manager to the extent it has purchased or received such membership interests in the Company.

“Memorandum” means this Confidential Private Placement Memorandum and all of its Exhibits, each of which are incorporated herein by reference.

“Net Worth” means the difference between total assets and total liabilities while excluding any positive equity in the prospective investor’s primary residence, but, if the net effect of the mortgage results in negative equity, the prospective investor should include any negative effects in calculating their Net Worth. The prospective investor should also subtract from their Net Worth any additional indebtedness secured by his/her primary residence incurred within the 60 days prior to his/her purchase of the Units (other than debt incurred as a result of the acquisition of the primary residence).

“Offering” means the sale of Class A and Class B Units in the Company, whose purchasers, if accepted by the Manager, will become Members of the Company pursuant to the terms of this Memorandum.

“Operating Agreement” means the written Operating Agreement of FDC Fund I, LLC, as may be amended from time to time.

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

“Securities Act” means the Securities Act of 1933, as amended.

“Sophisticated Investor,” for purposes of this Offering, means a non-accredited investor that alone or with the help of a representative, by reason of its educational, business, or financial experience, can be reasonably assumed to have the capacity to understand fundamental aspects of an investment in the Company.

“Subscription Documents” means the Subscription Agreement and related documents attached as Exhibit 3 hereto.

“Units” means membership units in the Company purchased in this Offering, or otherwise issued to persons and entities.

# Additional Information

Prospective investors may request additional information concerning the Company and other matters relating thereto that is necessary to verify the information in this Memorandum, and the Company will undertake to provide such information to the extent the Company possesses the information or can acquire such information without unreasonable effort or expense. All questions or comments should be directed to the Manager of the Company. Information about the Company is contained in the following documents, which may be included in electronic format accompanying this Memorandum, each of which is incorporated herein by reference:

**Exhibit 1** contains the Certificate of Formation

**Exhibit 2** contains the Operating Agreement

**Exhibit 3** contains the Subscription Documents

**Exhibit 4** contains the Investment Summary

No person is authorized to give any information or to make any representation in connection with this Offering other than those contained in this Memorandum, the Exhibits, and the additional information that is available to prospective investors as provided herein. Information or representations not contained herein or in such Exhibits or other information must not be relied on as having been authorized by the Company. This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer, solicitation, or any sale may not be lawfully made. The statements in this Memorandum are made as of the date hereof unless another time is specified.

1. The professional certifications or designations or credentials currently recognized by the SEC as satisfying the above criteria will be posted on its website. [↑](#footnote-ref-1)