SW OPPORTUNITY FUND IV, LLC
6534 N. 27th Avenue
Phoenix, Arizona 85017

Re: SW OPPORTUNITY FUND IV, LLC

Dear Prospective Investor,

Thank you for your interest in the SW Opportunity Fund IV, LLC offering. Attached please find the following offering documents for your review and approval.

1. Private Placement Memorandum. Please review this document carefully as it outlines the details of the offering along with the various risks associated with your investment. There is no signature required on the Private Placement Memorandum.

2. Operating Agreement. Please review and execute the Operating Agreement. Please execute the appropriate signature page depending on whether you are investing as an individual, entity, self-directed IRA or trust. In the event that you are investing through your self-directed IRA, please sign and date on the margins next to the signature line and forward the Operating Agreement to your custodian who will execute the document on behalf of the IRA.

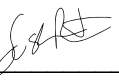
3. Prospective Purchaser Questionnaire. Please complete and sign in your individual capacity, even if you are investing through an entity, IRA, or trust.

4. Subscription Agreement. Please complete and execute the Subscription Agreement. Please complete and execute the appropriate signature page depending on whether you are investing as an individual, entity, self-directed IRA or trust. In the event that you are investing through your self-directed IRA, please sign and date on the margins next to the signature lines and forward the Subscription Agreement to your custodian who will execute the document on behalf of the IRA.

5. Business Plan. Please review the business plan carefully even if you have previously received and reviewed it as we may have made some important updates from the last time you read it.

Following closing, we will forward you a fully executed copy of all the agreements. Should you have any questions, please do not hesitate to contact us.

Regards,



Susanna Reust

George Drew Gibson III

SW OPPORTUNITY FUND IV, LLC

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

THE INTERESTS REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER THE SECURITIES ACT OR AN OPINION OF LEGAL COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

THE INTERESTS ARE BEING OFFERED AND SOLD UNDER THE EXEMPTION PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT AND/OR PURSUANT TO RULE 506(C) THEREUNDER.

THERE IS NO OBLIGATION ON THE ISSUER TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. A PURCHASER OF ANY INTEREST MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE INTERESTS REPRESENTED HEREBY HAVE NOT BEEN REVIEWED OR APPROVED BY THE SECURITIES ADMINISTRATORS OF CERTAIN STATES OR OTHER JURISDICTIONS NOR HAVE THEY BEEN QUALIFIED OR REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OF CERTAIN STATES OR OTHER JURISDICTIONS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE QUALIFICATION OR REGISTRATION REQUIREMENTS OF SUCH LAWS. THEREFORE, A PURCHASER OF ANY INTEREST WILL NOT BE ABLE TO RESELL IT UNLESS THE INTEREST IS QUALIFIED OR REGISTERED UNDER THE APPLICABLE STATE SECURITIES LAWS OR LAWS OF OTHER JURISDICTIONS OR UNLESS AN EXEMPTION FROM SUCH QUALIFICATION OR REGISTRATION IS AVAILABLE.

THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED FOR SUBMITTAL TO A LIMITED NUMBER OF POTENTIAL INVESTORS FOR CONSIDERATION OF THE PURCHASE OF AN INTEREST IN THE COMPANY AND IS FOR USE ONLY BY THE INTENDED RECIPIENT. IT IS NOT AUTHORIZED FOR ANY OTHER PURPOSE OR ANY UNINTENDED RECIPIENT. IF YOU ARE AN UNINTENDED RECIPIENT OR IF YOU ACCEPT DELIVERY OF THIS MEMORANDUM AND DO NOT PURCHASE AN INTEREST WITHIN THE TIME ALLOWED, YOU AGREE TO RETURN IT AND ALL ENCLOSED DOCUMENTS TO THE COMPANY. THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART OR FORWARDED TO OTHER POTENTIAL INVESTORS. IT MAY ONLY BE DISTRIBUTED AND DISCLOSED TO THE PROSPECTIVE INVESTORS TO WHOM IT IS PROVIDED DIRECTLY BY THE MANAGER.

PRIVATE PLACEMENT MEMORANDUM

SW OPPORTUNITY FUND IV, LLC

$25,000,000

LIMITED LIABILITY COMPANY MEMBERSHIP INTERESTS

OFFERED AT $1,000 PER UNIT

SW Opportunity Fund IV, LLC, an Arizona limited liability company (the "Company"), through its Sponsor(s), SW Opportunity Fund MGR, LLC, hereby Offers to only Accredited Investors up to Twenty-five Thousand (25,000) Class A Membership Units in the Company. SW Opportunity Fund MGR, LLC will act as the Manager(s) of the Company. The securities referenced in this Offering are being sold on a Best Efforts basis pursuant to the federal securities exemption provided by Section 4(A)(2) of the Securities Act and/or pursuant to Rule 506(c) promulgated thereunder. Proceeds from the Offering will primarily go towards the purchase of multi-family properties in the Phoenix, Arizona Metropolitan Service Area ("MSA") or such other places as the Manager determines and joint venture entities co-managed by the Manager (or an Affiliate of the Manager) that will purchase and operate multi-family properties throughout the United States, which the Manager will choose in its sole discretion.

Class A Interests	Price to Investors	Number of Units	Total Proceeds to Company
Min Offering Class A-1	$1,000	100	$100,000
Min Offering Class A-2	$1,000	250	$250,000
Max Offering	$1,000	25,000	$25,000,000

DATE OF THIS PRIVATE PLACEMENT MEMORANDUM: February 1, 2023

IMPORTANT NOTICES TO INVESTORS

INVESTMENT IN THE UNITS INVOLVES A HIGH DEGREE OF RISK, POTENTIAL CONFLICTS OF INTEREST, AND PAYMENT OF FEES TO THE MANAGER AND ITS AFFILIATES. PROSPECTIVE INVESTORS WILL BE REQUIRED TO REPRESENT THAT THEY ARE FAMILIAR WITH AND UNDERSTAND THE TERMS OF THE OFFERING. (SEE "RISK FACTORS," "CONFLICTS OF INTEREST" AND "COMPENSATION AND FEES TO THE MANAGER AND AFFILIATES.")

INVESTMENT IS NOT PERMITTED FOR PROSPECTIVE INVESTORS WHO LACK SUBSTANTIAL NET WORTH (SEE "QUALIFICATION OF INVESTORS"). ALTHOUGH THE MANAGER IS OF THE OPINION THAT THE COMPANY WILL BE CLASSIFIED AS A "LIMITED LIABILITY COMPANY" FOR FEDERAL INCOME TAX PURPOSES, THE INTERNAL REVENUE SERVICE ("IRS") HAS NOT BEEN REQUESTED TO ISSUE A RULING ON THE FEDERAL INCOME TAX STATUS OF THE COMPANY OR OTHER TAX ASPECTS OF THE INVESTMENT AND THE OPINION OF THE MANAGER IS NOT BINDING ON THE IRS.

THE UNITS HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“COMMISSION”) NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING HAS NOT BEEN APPROVED OR DISAPPROVED UNDER APPLICABLE STATE SECURITIES LAWS, BY THE STATE DEPARTMENT OF CORPORATIONS, SECURITIES REGULATION DIVISION (“DIVISION”), NOR HAS ANY DIVISION REVIEWED OR PASSED UPON THE ACCURACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO OR A SOLICITATION OF AN OFFER TO BUY FROM ANYONE IN ANY STATE OR IN ANY OTHER JURISDICTION WITHIN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

DURING THE COURSE OF THE OFFERING AND PRIOR TO SALE, EACH OFFEREE OF THE UNITS AND THE OFFEREES ADVISOR(S) ARE INVITED TO ASK QUESTIONS OF AND OBTAIN ADDITIONAL INFORMATION FROM THE MANAGER CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, THE COMPANY, THE DEBT TO BE OWED BY THE COMPANY AND ANY OTHER RELEVANT MATTERS (INCLUDING, BUT NOT LIMITED TO, ADDITIONAL INFORMATION TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN), TO THE EXTENT THE MANAGER POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE. OFFEREES OR ADVISORS HAVING QUESTIONS OR DESIRING ADDITIONAL INFORMATION SHOULD CONTACT THE MANAGER.

THIS MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN. THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN DOCUMENTS, THAT ARE BELIEVED TO BE ACCURATE BUT REFERENCE IS HEREBY MADE TO THE ACTUAL DOCUMENTS, COPIES OF WHICH ARE ATTACHED HERETO OR ARE AVAILABLE AT THE OFFICE OF THE MANAGER, FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO. ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THIS REFERENCE, AND NOTHING IN THIS MEMORANDUM SHALL EXTEND THE LIABILITY UNDER ANY SUCH DOCUMENTS OF ANY OF THE PARTIES HERETO. ALL DOCUMENTS RELATING TO THE OFFERING WILL BE MADE AVAILABLE TO THE OFFEREE NAMED BELOW AND/OR HIS ADVISOR(S) UPON REQUEST.

ANY ADDITIONAL INFORMATION OR REPRESENTATIONS GIVEN OR MADE BY THE COMPANY OR THE MANAGER IN CONNECTION WITH THIS OFFERING, WHETHER ORAL OR WRITTEN, ARE SUPERSEDED IN THEIR ENTIRETY BY THE INFORMATION SET FORTH IN THIS MEMORANDUM AND ITS EXHIBITS (ALL OF WHICH ARE INCORPORATED HEREIN BY REFERENCE), INCLUDING, BUT NOT LIMITED TO, THE RISK FACTORS DESCRIBED HEREIN.

THE OFFERING CAN BE WITHDRAWN AT ANY TIME BEFORE CONSUMMATION AND IS SPECIFICALLY MADE SUBJECT TO THE CONDITIONS DESCRIBED IN THIS MEMORANDUM. IN CONNECTION WITH THE OFFERING AND SALE OF THE UNITS, THE MANAGER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE UNITS SUBSCRIBED FOR BY SUCH PROSPECTIVE INVESTOR.

SINCE THERE ARE SUBSTANTIAL RESTRICTIONS ON THE TRANSFERABILITY OF THE UNITS, EACH OFFEREE MUST ASSUME THAT THE OFFEREE WILL BEAR THE ECONOMIC RISK OF THE OFFEREE'S INVESTMENT FOR AN INDEFINITE PERIOD. THE UNITS MAY NOT BE TRANSFERRED WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER. IN ADDITION, UNITS ARE NOT REGISTERED FOR SALE TO THE PUBLIC UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND THE UNITS MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF BY AN INVESTOR ONLY IF, AMONG OTHER THINGS, THE UNITS ARE REGISTERED OR, IN THE OPINION OF COUNSEL TO THE COMPANY, REGISTRATION IS NOT REQUIRED UNDER SUCH LAWS.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE USE OF PERSONS WHO MAY WANT TO PURCHASE UNITS AND DELIVERY THEREOF CONSTITUTES AN OFFER ONLY IF THIS MEMORANDUM WAS SENT TO PERSONS DIRECTLY FROM THE ISSUER OR ITS MANAGER AND IF THE PERSON SO NAMED MEETS THE SUITABILITY STANDARDS SET FORTH UNDER "QUALIFICATION OF INVESTORS." ANY DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE INTENDED OFFEREE (OR TO THOSE INDIVIDUALS WHOM THE OFFEREE RETAINS TO ADVISE THE

OFFEREE WITH RESPECT THERETO) IS UNAUTHORIZED AND ANY REPRODUCTION OF THIS MEMORANDUM IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER, IS PROHIBITED.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED TO BE MADE IN THIS MEMORANDUM OR SHOULD BE INFERRED THEREFROM WITH RESPECT TO THE ECONOMIC RETURN OR THE TAX TREATMENT WHICH MAY ACCRUE TO THE INVESTOR. NO ASSURANCE CAN BE GIVEN THAT EXISTING TAX LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY, EITHER OF WHICH MAY DENY THE PROSPECTIVE INVESTORS ALL OR A PORTION OF THE TAX TREATMENT CONSIDERED HEREIN. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR INVESTMENT ADVICE. EACH INVESTOR SHOULD CONSULT PROSPECTIVE INVESTOR'S OWN ATTORNEY, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING A PURCHASE BY PROSPECTIVE INVESTOR OF A UNIT.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS, OR GIVE ANY INFORMATION, WITH RESPECT TO THE UNITS, EXCEPT FOR INFORMATION CONTAINED OR REFERRED TO HEREIN.

FORWARD LOOKING STATEMENTS

This Memorandum contains certain statements that are forward-looking statements within the meaning of the United States federal securities laws. These are statements about the Company's or Manager's, or Sponsor's expectations, beliefs, intentions or strategies for the future. Prospective Investors will be able to identify these types of statements since they are indicated by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "Company believes," "Manager believes" and similar language. In addition, these statements may be qualified by certain risks, uncertainties and assumptions which are explained more fully in each particular case. The Company has based forward-looking statements on the expectations of information currently available to the Manager. The Company's actual results may differ materially from the results anticipated in the statements.

These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurances that such expectations will prove to be accurate. All phases of the Company's operations are subject to a number of uncertainties, risks and other influences, many of which are outside the control of the Company and cannot be predicted with any degree of accuracy.

In light of the significant uncertainties inherent in the forward-looking statements made in this Memorandum, the inclusion of such statements should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

TABLE OF CONTENTS

GLOSSARY OF TERMS

"Accredited Investor" shall have the definition as computed under Rule 501(a) of Regulation D promulgated under the Act, which means any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 at the time of the purchase, excluding the value of the primary residence of such person;

2. Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse 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;

3. Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

4. Any entity in which all of the equity owners are accredited investors;

5. Any bank as defined in section 3(a)(2) of the Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

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

7. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; and

8. Any trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D promulgated under the Act.

9. A natural person holding, in good standing, one or more professional certifications, designations or other credentials issued by an accredited educational institution, which the Securities and

Exchange Commission may designate from time to time, as qualifying. Presently holders in good standing of the Series 7, Series 65, and Series 82 licenses will qualify as an accredited investor.

10. Natural persons who are "knowledgeable employees" as defined in Rule 3c– 5(a)(4) under the Investment Company Act of 1940, of the private-fund issuer of the securities being offered or sold.

11. Entities, including, but not limited to, limited liability companies, of a type not listed in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) of Regulation D promulgated under the Act, not formed for the specific purpose of acquiring the securities offered, owning investments in excess of $5 million.

12. Securities and Exchange Commission and state-registered investment advisers, exempt reporting advisers, and rural business investment companies.

13. Indian tribes, governmental bodies, funds, and entities organized under the laws of foreign countries, that own "investments," as defined in Rule 2a51-1(b) under the Investment Company Act, in excess of $5 million and that was not formed for the specific purpose of investing in the securities offered.

14. Family offices (as defined in Rule 202(a)(11)(G)-1 under the Advisers Act with (i) assets under management in excess of $5 million, (ii) that are not formed for the specific purpose of acquiring the securities offered and (iii) whose prospective investments are 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.

15. "Spousal equivalent" (cohabitant occupying a relationship generally equivalent to that of a spouse) may pool their finances for the purpose of qualifying as accredited investors.

"Acquisition Fee" means a one-time acquisition fee of two percent (2%) of the purchase price of each Property, which shall be paid to Manager at closing of the purchase of the Property.

"Act" or "Securities Act" means The Securities Act of 1933, as amended.

"Affiliate" of a Member or Manager means any person, entity, or trust, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Member or a Manager, as applicable. The term "control," as used in the immediately preceding sentence, means with respect to a corporation, limited liability company, limited life company or limited duration company (collectively, "Limited Liability Company"), the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or Limited Liability Company and, with respect to any individual, partnership, trust, estate, association or other entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

"Agreement" or "Operating Agreement" means the Operating Agreement of the Company, attached hereto as **Exhibit "A"**, or as hereafter amended.

"Asset Management Fee" means an asset management fee of two percent (2%) of gross revenues paid to Manager on a monthly basis.

"Best Efforts" means the type of securities offering Sponsor intends to conduct. Sponsor shall do the best it can to sell as much of the securities targets as possible but will commence operations as soon as the first Prospective Investor is accepted. Immediately upon accepting the first investor, Sponsor may use the proceeds to conduct operations including, but not limited to, paying 3rd party vendors, such as architects, SEC attorneys, real estate attorneys, etc.

"Capital Contributions" means the contributions made by the Members to the Company pursuant to Sections 6.1 or 6.4 of the Operating Agreement and, in the case of all the Members, the aggregate of all such Capital Contributions.

"Capital Transaction Event" means the sale or refinance of the Properties, or sale of substantially all of the assets of the Company or upon dissolution (or net proceeds of refinance or liquidation, as the case may be).

"Class A-1 Account" means the book-keeping account created and used to capture the Class A-1 Member's proportional distribution of the Net Cash Flow and Net Capital Proceeds.

"Class A-2 Account" means the book-keeping account created and used to capture the Class A-2 Member's proportional distribution of the Net Cash Flow and Net Capital Proceeds.

"Class A Interest" means an Interest which is held by a Class A Member.

"Class A-1 Interest" means an Interest which is held by a Class A-1 Member.

"Class A-2 Interest" means an Interest which is held by a Class A-2 Member.

"Class A Member(s)" means collectively, Class A-1 and Class A-2 Members.

"Class A-1 Member(s)" means Person(s) admitted as Class A-1 Members by the Manager and whose name is listed in the Register. The minimum investment to become a Class A-1 Member is $100,000. The Class A-1 Member(s) will be limited to Retail Investors. Class A-1 Members who invest via retirement accounts (i.e., IRAs etc.) will not participate in the allocation of depreciation or other tax benefits.

"Class A-2 Member(s)" means Person(s) admitted as Class A-2 Members by the Manager and whose name is listed in the Register. The minimum investment to become a Class A-2 Member is $250,000. The Class A-2 Member(s) will be limited to Institutional Investors.

"Class B Members" means the holders of Class B Membership Units. The Class B Member is DGSR Holdings LLC (through its principals, George Drew Gibson III and Susanna Reust), Affiliates of the Sponsor.

"Company" means this Company: SW Opportunity Fund IV, LLC, an Arizona limited liability company.

"Institutional Investor" means a pension fund, mutual fund, endowment fund, hedge fund, insurance company, commercial trust, or other similar institutional entity or organization. For the avoidance of doubt, an Institutional Investor is not a Retail Investor.

"IRA" means an individual retirement account.

"IRR" means internal rate of return, meaning the percentage rate earned on each dollar invested for each period it is invested. The Company will calculate the internal rate of return using the Excel IRR function, or similar function and/or software.

"Loan Guarantor Fee" means a fee equal to one percent (1%) of the total loan amount paid to loan guarantors at the inception of each loan.

"Manager" means this Company's Manager(s): SW Opportunity Fund MGR, LLC, the Sponsor(s).

"Memorandum" means this Private Placement Memorandum.

"Member(s)" means the holder of Class A and Class B Membership Units.

"Membership Unit" or "Unit" means the interest of a Member and the rights to receive profits or other compensation by way of income, and the return of contributions as set forth in the Agreement, and the rights, powers and privileges appurtenant thereto.

"Net Capital Proceeds" means the excess of sale or refinance revenue, over sales or refinance costs and fees, including but not limited to repayment of debt, sales commissions, sales fees, establishment of necessary Reserves, cash expenditures incurred incident to the sales process, refinance/origination fees, broker fees, and any other cash expenditures incurred in the refinance of the Properties. Any reserves returned to the Company by any lending institution or any other source may be considered a Capital Transaction Event and part of Net Capital Proceeds in the Manager's sole discretion.

"Net Cash Flow" means the excess of all cash revenues of the Company relating to the direct or indirect ownership and operations of the Properties other than revenue attributable to a Capital Transaction Event, over operating expenses and other expenditures for such fiscal period, including but not limited to principal and interest payments on indebtedness of the Company, other sums paid to lenders, and cash expenditures incurred incident to the normal operation of the Company's business, decreased by (i) any amounts added to Reserves during such fiscal period and (ii) the Asset Management Fee, and increased by (i) the amount (if any) of all allowances for cost recovery, amortization or depreciation with respect to property of the Company for such fiscal period, and (ii) any amounts withdrawn from Reserves during such fiscal period.

"Offer" or "Offering" means this offer to sell Class A Membership Units in the Company.

"Percentage Interest" or "Interest" means the allocable interest of each Member in the income, gain, loss, deduction or credit of the Company, as set forth in the Operating Agreement.

"Person(s)" means a natural person or any partnership (whether general or limited and whether domestic or foreign), limited liability company, foreign limited liability company, limited life company, limited duration company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity or any other entity.

"Preferred Return"

(a) As it relates to Class A-1 Members, means a non-compounded per annum return of eight percent (8%) based on Class A-1 Members' Unrecovered Capital Contribution minus any return of capital from a Capital Transaction Event, if any. The Preferred Return shall be paid from Net Cash Flows on a quarterly basis. The Preferred Return is not guaranteed, meaning that the Preferred Return will not be paid in any particular quarter if the Company does not have sufficient capital available to pay it, as determined by the Net Cash Flow and/or Manager in its sole discretion. Any Preferred Return deficiencies will roll over to the following year. The Preferred Return allocation is on Net Cash Flow only and does not extend to Net Capital Proceeds although Preferred Return deficiencies that accrue may be distributed from Net Capital Proceeds. The Preferred Return will not begin accruing until four (4) months after a Class A-1 Member has subscribed to the Offering and tendered their Capital Contribution. Distributions will not begin until twelve (12) months after a Class A-1 Member has subscribed to the Offering and the Company receives their Capital Contribution.

(b) As it relates to Class A-2 Members, means a non-compounded per annum return of ten percent (10%) based on Class A-2 Members' Unrecovered Capital Contribution minus any return of capital from a Capital Transaction Event, if any. The Preferred Return shall be paid from Net Cash Flows on a quarterly basis. The Preferred Return is not guaranteed, meaning that the Preferred Return will not be paid in any particular quarter if the Company does not have sufficient capital available to pay it, as determined by the Net Cash Flow and/or Manager in its sole discretion. Any Preferred Return deficiencies will roll over to the following year. The Preferred Return allocation is on Net Cash Flow only and does not extend to Net Capital Proceeds although Preferred Return deficiencies that accrue may be distributed from Net Capital Proceeds. The Preferred Return will not begin accruing until four (4) months after a Class A-2 Member has subscribed to the Offering and tendered their Capital Contribution. Distributions will not begin until twelve (12) months after a Class A-2 Member has subscribed to the Offering and the Company receives their Capital Contribution.

"Project" means the proposed business of the Company (i.e., acquisition of the Properties and subsequent operations and selling the Properties for a profit).

"Property" or "Properties" means the multi-family properties in the Phoenix, Arizona MSA that the Company intends to purchase with the proceeds of this Offering based on the criteria established by the Manager, in its sole discretion, and the Company's ownership interests in the joint venture entities that will acquire, operate, and dispose of multi-family properties.

"Property Manager" means Arizona Investment & Management, LLC, an Affiliate of Sponsor, or a third-party property management company, as determined by the Manager in its sole discretion.

"Prospective Investor(s)" means Accredited Investor(s) interested in the purchase of Class A Membership Units.

"Register" means the records maintained by the Manager setting forth, with respect to each Member, the name, address, amount of Capital Contribution, and Percent Interest, and class of each Member and such other information as the General Partner may deem necessary or desirable. The Register shall not be part of the Agreement. The Manager shall from time to time update the Register as the Manager shall deem necessary or advisable, including, without limitation, to reflect the admission of subsequent Members or increase in Percent Interest of Members. Subject to the terms of the Agreement, the Manager may take any action authorized hereunder in respect of the Register without any need to obtain the consent of any other Member. No action of any Member shall be required to amend or update the Register.

"Reserves" means all reserves established by the Manager in its sole discretion for Company purposes, including, but not limited to, operating expenses and other working capital needs, liabilities, and taxes.

"Retail Investor" means an individual or any entity invested in the Company for the purpose of benefiting an individual or small group of individuals including but not limited to LLCs, corporations, limited partnerships, trusts, IRAs, and 401Ks. For the avoidance of doubt, a Retail Investor is not an Institutional Investor.

"Sanctioned Country" or "Sanctioned Countries" means a country or countries identified by the U.S. Department of Treasury's Office of Foreign Assets Control that is subject to a sanction.

"Sponsor(s)" means SW Opportunity Fund MGR, LLC (through its principal(s), George Drew Gibson III and Susanna Reust). Sponsor is also the Manager.

"Unrecovered Capital Contribution" means a Class A Member's Capital Contributions minus any return of capital from Net Capital Proceeds at a refinance or sale of a Property. In this Offering, Sponsors have elected to treat quarterly distributions from Net Cash Flow as a return on investment and returns from Net Capital Proceeds at a refinance or sale of a Property as a return of capital.

SUMMARY OF THE OFFERING

This summary of certain provisions of the Memorandum is intended only for a quick reference and is not intended to be complete. This Memorandum describes in detail numerous aspects of the transaction which are material to Prospective Investors, including those summarized below, and this Memorandum and the accompanying Exhibits must be read in their entirety by reference to the full text of this Memorandum and the underlying documents.

The Offering	SW Opportunity Fund IV, LLC, is offering an aggregate of up to Twenty-five Thousand (25,000) Class A Membership Units at a purchase price of $1,000 per Unit. The minimum investment is $100,000 for Class A-1 Members and $250,000 for Class A-2 Members. Class A Members, collectively, will own 80% of the Company while Class B Members will retain the remaining 20%.

Purpose of the Offering	The purpose of this Offering is to purchase the Properties and subsequently implement a value-add strategy that Sponsor believes will drive occupancy and increase net operating income, thus increasing the value of the Properties.
The Properties	The multi-family properties in the Phoenix, Arizona MSA that the Manager may identify in the future and may purchase based on pre-established criteria and in its sole discretion and the ownership interests the Company may purchase in joint ventures entities.
Capital Commitment	Sponsor intends to raise $25,000,000.
Minimum Investment	The minimum investment is $100,000 for Class A-1 Members and $250,000 for Class A-2.
Manager	SW Opportunity Fund MGR, LLC.
Property Manager	Arizona Investment & Management, LLC, an Affiliate of Sponsor or a third-party property management company.
Eligible Investors	The Company will accept Accredited Investors only. Investors may be Institutional Investors or Retail Investors.
Fees	Manager or its Affiliates shall collect the following fees: (a) The Acquisition Fee. (b) The Asset Management Fee. (c) The Loan Guarantor Fee. (d) Arizona Investment & Management, LLC, an Affiliate of Sponsor, may be hired as the Property Manager for the Properties and will be compensated with a property management fee in line with market rates.
Allocation of Benefits	*Net Cash Flow From Operations*: (a) First, all Net Cash Flow shall be distributed to the Class A-1 and Class A-2 Members, in pari passu, until they receive their respective Preferred Return. Once all Class A Members receive 8% of their respective Preferred Return, the Class A-2 Members will receive their additional 2%. The Preferred Return will not begin accruing until four (4) months after the

Class A Member has subscribed to the Offering and the Company receives their Capital Contribution.

(b) Second, any remaining Net Cash Flow shall be distributed proportionally by Class A-1 Membership Units and Class A-2 Membership Units to the Class A-1 Account and Class A-2 Account, respectively.

(c) Third, from the Class A-1 Account, Class A-1 Members shall receive eighty percent (80%) of the Class A-1 Account and Class B Members shall receive the remaining twenty percent (20%).

(d) Finally, from the Class A-2 Account, Class A-2 Members shall receive twenty percent (20%) of the Class A-2 Account and Class B Members shall receive the remaining eighty percent (80%).

Net Capital Proceeds From a Sale or Refinance:

(a) First, Class A Members are entitled to receive all Net Capital Proceeds until they have received all their accrued but unpaid Preferred Return. The Preferred Return will not begin accruing until four (4) months after the Class A Member has subscribed to the Offering and the Company receives their Capital Contribution.

(b) Second, any remaining Net Capital Proceeds may be reinvested by the Manager into additional Properties, distributed to the Class A Members to reduce their Unrecovered Capital Contributions, or retained as reserves at the sole discretion of the Manager. Upon termination of the fund no Net Capital Proceeds will be reinvested or retained in reserves.

(c) Third, any remaining Net Capital Proceeds shall be distributed proportionally by Class A-1 Membership Units and Class A-2 Membership Units to the Class A-1 Account and Class A-2 Account, respectively.

(d) Fourth, from the Class A-1 Account, Class A-1 Members shall receive eighty percent (80%) of the Class A-1 Account and Class B Members shall receive the remaining twenty percent (20%).

(a) Finally, from the Class A-2 Account, Class A-2 Members shall receive twenty percent (20%) of the Class A-2 Account and Class B Members shall receive the remaining eighty percent (80%).

Risk Factors The purchase of the Membership Units involves a high degree of risk to the Prospective Investor including certain risks relating to regulatory, operating, tax and investment matters. (See "RISK FACTORS.") A decision to invest in the Units should be reached only after carefully reading this entire Memorandum, including its Exhibits.

Operating Agreement Each Prospective Investor will be admitted as a Class A Member of the Company pursuant to the terms of the Operating Agreement, which will be executed, upon the admission of the first Member to the Company, by the Class B Members.

QUALIFICATION AND SUITABILITY OF INVESTORS

Prospective Investors Must Be Accredited Investors

This Offering is limited to Accredited Investors only. Due to federal securities laws, Sponsor is required to take "reasonable steps to verify" accreditation status of each Prospective Investor prior to accepting the Prospective Investor into the Company. On most occasions, this may simply include a verification letter from Prospective Investor's certified public accountant. (Please use the template provided to you by Sponsors). If a Prospective Investor is unable to obtain such verification, then Sponsor will retain the services of a 3rd party licensed verification company to ensure that any sensitive financial information is not shared with Sponsors.

Specifically, the Company will require Prospective Investors to provide one or more of the following information to verify that a natural person who purchases securities in such offering is an Accredited Investor:

(1) Accredited Investors who wish to qualify based on the income test may be required to submit an Internal Revenue Service form that reports the purchaser's income for the two most recent years (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and provide a written representation that he or she has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year;

(2) Accredited Investors who wish to qualify based on the net worth test may be required to submit one or more of the following types of documentation dated within the prior three months and obtain a written representation from the purchaser that all liabilities necessary to make a determination of net worth have been disclosed:

(A) With respect to assets: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties; and

(B) With respect to liabilities: a consumer report from at least one of the nationwide consumer reporting agencies;

In order to comply with the net worth verification method provided under Rule 506, the relevant documentation must be dated within the prior three months of the sale of securities. If the documentation is older than three months, the Company may not rely on the net worth verification method, but may instead determine whether it has taken reasonable steps to verify the purchaser's accredited investor status under a principles-based method of verification.

(3) The Company may also consider and request written confirmation from one of the following persons or entities that the potential investor has taken reasonable steps to verify that it is an accredited investor within the prior three months and has determined that such Prospective Investor is an Accredited Investor:

(A) A registered broker-dealer;

(B) An investment adviser registered with the Securities and Exchange Commission ("SEC");

(C) A licensed attorney who is in good standing under the laws of the jurisdictions in which he or she is admitted to practice law; or

(D) A certified public accountant who is duly registered and in good standing under the laws of the place of his or her residence or principal office.

Prospective Investor May Not Be a Bad Actor

Prospective Investors may be subject to additional information requests and certifications based on the SEC's "bad actor" rules that would disqualify securities offerings from the Rule 506 exemption if an issuer or other relevant persons have been convicted of, or are subject to court or administrative sanctions for, securities fraud or other violations of specified laws. Relevant persons includes "any affiliated issuer; any director, executive officer, other officer participating in the offering, general partner or managing member of the issuer; ***any beneficial owner of 20% or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power***; any promoter connected with the issuer in any capacity at the time of such sale; any investment manager of an issuer that is a pooled investment fund; any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with such sale of securities; any general partner or managing member of any such investment manager or solicitor; or any director, executive officer or other officer participating in

the offering of any such investment manager or solicitor or general partner or managing member of such investment manager or solicitor."

Types of Investors

Prospective Investors may be individuals, entities, trusts, IRAs, or other retirement plans. Although the Employment Retirement Income Security Act of 1974 ("ERISA") generally states that benefit plans that own, in the aggregate, more than twenty five percent (25%) or more of the Percentage Interest in the Company, may be subject to the "Plan Asset Rules" (which could subject the Company to additional fiduciary responsibilities and reporting requirements). Sponsors believe that the Company is not subject to the "Plan Asset Rules" or is exempt from them since the Company, among other things, is primarily engaged in the business of real estate investing.

1031 Tax-Deferred Exchange

Prospective Investors who are looking to exchange current real estate for Membership Units are not eligible for this Offering if they intend to use 1031 tax-deferred exchange proceeds as it is likely that the IRS will not consider the Membership Units a "like-kind exchange" as required under the Internal Revenue Code. However, if significant 1031 tax-deferred exchange proceeds are available from a Prospective Investor, Manager may elect to restructure the Offering in order to accommodate 1031 investors, subject to any limitations imposed by the Internal Revenue Service.

International Investors

The United States Department of Treasury's Office of Foreign Assets Control ("OFAC") keeps a list of "Specially Designated Nationals" or "Blocked Persons." The Company may not and will not sell to any Prospective Investors found on these lists and will prohibit any resales or transfers to such designated individuals.

In addition, no Membership Units shall be offered or sold to any Prospective Investor who (i) is a person residing in a Sanctioned Country, (ii) is an organization controlled by a Sanctioned Country, (iii) is an agency of a Sanctioned Country, (iv) has fifteen percent (15%) of its assets in the aggregate in a Sanctioned Country, and/or (v) derives more than fifteen percent (15%) of its operating income from investments in, or transactions with Sanctioned Countries or "Specially Designated Nationals" or "Blocked Persons."

AML- USA PATRIOT ACT

Federal law requires Manager to obtain, verify, and record information that identifies each Person who subscribes to the Offering. (See **Exhibit "B"**, **Prospective Purchaser Questionnaire**). This information will assist the Manager in ensuring that Prospective Investor in not engaging in any money laundering activities and assist the government in fighting the funding of terrorism.

Representations and Warranties

Investment in the Units involves substantial risk and is suitable only for persons of financial means who have provided for liquidity in their other investments. The representations made by, and the

information provided by, each Prospective Investor will be reviewed to determine his, her or its suitability and eligibility, and the Company will have the unfettered right to refuse a subscription for Units if, in its sole discretion, it believes that the Prospective Investor does not meet the applicable suitability requirements or the Units are otherwise an unsuitable investment for the Prospective Investor.

Each Prospective Investor must also satisfy the Manager that the Prospective Investor can bear a total loss of investment. Manager will also require the Prospective Investors to represent that the Prospective Investors are acquiring the Units for investment and for their own account, and not with a view to resale or distribution. Prospective Investors are purchasing restricted securities and the resale of the Units is subject to extensive restrictions (see "RESTRICTIONS ON TRANSFER"). It is not expected that any public market for the resale of the Units will develop.

THE COMPANY

SW Opportunity Fund IV, LLC, (the "Company"), was formed when its Articles of Organization were filed with the Arizona Corporation Commission pursuant to the Arizona Limited Liability Company Act, as amended. The Company has yet to commence operations. The address of the Company shall be 6534 N. 27th Avenue, Phoenix, Arizona 85017.

THE OFFERING

General

This Private Placement Memorandum describes an Offering to Prospective Investors of Class A Membership Units in SW Opportunity Fund IV, LLC, a limited liability company formed under the state laws of Arizona. An aggregate of up to Twenty-five Thousand (25,000) Class A Membership Units are being offered for a purchase price of one thousand dollars ($1,000) per Unit, which represents eighty percent (80%) ownership in the Company. Twenty percent (20%) of the Company will be owned by the Class B Members, Affiliates of the Sponsor(s). If, through this Offering, the Company does not raise the minimum required amount, as determined by the Manager in its sole discretion, then the Class A Members will receive a return of their Capital Contribution.

This Offering is on a Best-Efforts basis will remain open until the Offering raise is met or until the Manager elects to terminate the Offering, in its sole discretion. The minimum subscription which will be accepted by the Company, will be for One Hundred (100) Class A-1 Membership Units (i.e., a minimum total purchase price of $100,000) and Two Hundred Fifty (250) Class A-2 Memberships Units (i.e., a minimum total purchase price of $250,000). An additional investment may be made in increments of one (1) Unit or one thousand dollars ($1,000). The Manager retains sole discretion to allow a lower initial investment. The securities shall be considered sold to the Prospective Investors on the date Manager accepts and countersigns the Subscription Agreement attached hereto and funds are received by the Company.

The day-to-day operations of the Company will be run by SW Opportunity Fund MGR, LLC, the Sponsor(s), and therefore the Prospective Investors will have no or extremely limited input in this Project. This is truly a passive investment for Class A Members.

This Offering is a "blind pool" Offering which seeks to raise monies to enable the Company to purchase multiple Properties (via single-purpose entities) throughout the United States and subsequently increase the value and operate the Properties for a profit. The Properties that the Company will invest in will be selected at the sole discretion of the Manager (See **Exhibit "D", Business Plan**). There is no assurance these objectives can be obtained.

The Prospective Investors' initial cash contributions will be deposited into a segregated checking account. Upon execution of the Subscription Agreement by the Manager and receipt of the investment funds, the Class A Members will be admitted to this Company. All fees and compensation to the Manager and its Affiliates will be paid from the account, as well as reimbursable expenses relating to the Offering, including legal, accounting and printing costs.

Allocations and Distributions From Operations

All distributions made to Class A Members will be based on a calendar year quarterly basis (January 1, April 1, July 1, October 1). Actual distributions will follow approximately forty-five (45) days after the conclusion of the calendar quarter. Distributions will not begin until twelve (12) months after a Class A Member has subscribed to the Offering and the Company has received their Capital Contribution.

Net Cash Flow shall be allocated and distributed as follows:

First, all Net Cash Flow shall be distributed to the Class A Members, in pari passu, until they receive their respective Preferred Return. Once all Class A Members receive 8% of their respective Preferred Return, the Class A-2 Members will receive their additional 2%. The Preferred Return will not begin accruing until four (4) months after the Class A Member has subscribed to the Offering and tendered their Capital Contribution.

Second, any remaining Net Cash Flow shall be distributed proportionally by Class A-1 Membership Units and Class A-2 Membership Units to the Class A-1 Account and Class A-2 Account, respectively.

Third, from the Class A-1 Account, Class A-1 Members shall receive eighty percent (80%) of the Class A-1 Account and Class B Members shall receive the remaining twenty percent (20%).

Finally, from the Class A-2 Account, Class A-2 Members shall receive twenty percent (20%) of the Class A-2 Account and Class B Members shall receive the remaining eighty percent (80%).

Allocations and Distributions From a Sale or Refinance Event

Net Capital Proceeds from the sale or refinance of a Property shall be allocated and distributed as follows:

First, Class A Members are entitled to receive all Net Capital Proceeds until they have received all their accrued but unpaid Preferred Return. The Preferred Return will not begin

accruing until four (4) months after the Class A Member has subscribed to the Offering and tendered their Capital Contribution.

Second, any remaining Net Capital Proceeds may be reinvested into additional Properties, distributed to the Class A Members to reduce their Unrecovered Capital Contributions, or retained as reserves at the sole discretion of the Manager. Upon termination of the fund no Net Capital Proceeds will be reinvested or retained in reserves.

Third, any remaining Net Capital Proceeds shall be distributed proportionally by Class A-1 Membership Units and Class A-2 Membership Units to the Class A-1 Account and Class A-2 Account, respectively.

Fourth, from the Class A-1 Account, Class A-1 Members shall receive eighty percent (80%) of the Class A-1 Account and Class B Members shall receive the remaining twenty percent (20%).

Finally, from the Class A-2 Account, Class A-2 Members shall receive twenty percent (20%) of the Class A-2 Account and Class B Members shall receive the remaining eighty percent (80%).

Depreciation

To the extent appropriate, the Company intends to accelerate depreciation and elect to use the cost segregation method of depreciation for land improvements and/or personal property associated with the Properties. This will allow the Company to use a shorter depreciation schedule on some of the improvements and personal property.

In addition, to the extent possible, after consultation with the Company's certified public accountant, Sponsors intend to take losses (including, but not limited to depreciation) in proportion to their Class B Member ownership interest (i.e., 20%).

Exempt Offering

While this Offering is made to various parties, it is not a registered offering under federal securities laws. This Offering is being made pursuant to the private offering exemption of Section 4(a)(2) of the Act and/or Rule 506(c) of Regulation D promulgated under the Act. This Offering is also being made in strict compliance with the applicable state securities laws. Each Prospective Investor must represent that the Prospective Investor is acquiring the Membership Units for investment purposes only and not with a view to resale or distribution. All Units are offered subject to prior sale, when, as and if issued, and subject to the right of the Manager to reject any subscription in whole or in part. The Company will only sell Units to persons meeting its suitability standards, which the Company's Manager may determine in its sole and absolute discretion.

BUSINESS DESCRIPTION

The funds raised in the Offering will primarily go towards the purchase of multi-family properties in the Phoenix, Arizona MSA and passive interests in joint ventures entities that will own multi-family properties. Such properties may present opportunities of implementing value

add strategies wherein the Manager will seek to increase the Properties' resale value or increasing the cash flow of the Properties by making interior and exterior improvements as needed and as determined by the Manager in its sole discretion. The Manager intends to hold the Properties for five (5) to seven (7) years but may sell or refinance the Properties at an earlier or later time depending on the market conditions and in its discretion.

MANAGER

The Class B Members may appoint the Manager of the Company to supervise day-to-day operations of the Company. In no instance shall there be less than one Manager. The Class B Members have chosen SW Opportunity Fund MGR, LLC, the Sponsor(s), to be the Manager of the Company. As such, the Manager has the power and authority, on the Company's behalf and in its name, to manage, administer, and operate the Company's day-to-day business affairs, and to do or cause to be done on behalf of the Company anything necessary or appropriate for the same, including but not limited to the powers and authority set forth in the Operating Agreement. The Manager's power and authority is subject to the limitations set forth in the Agreement. The Manager shall serve as Manager until resignation or its successors are appointed by the Members as provided in the Agreement.

COMPENSATION AND FEES TO THE MANAGER AND AFFILIATES

The Company shall reimburse the Manager for any direct funds or expenses advanced by it prior to or after formation of the Company to the extent that such expenses are incurred or paid directly on behalf of the Company.

The Manager and its Affiliates shall be entitled to collect the following fees:

(a) The Acquisition Fee.

(b) The Asset Management Fee.

(c) The Loan Guarantor Fee.

(d) Arizona Investment & Management, LLC, an Affiliate of Sponsor, will be hired as the Property Manager for the Properties and will be compensated with a property management fee in line with market rates.

As noted in the Offerings section above, Class B Members, Affiliates of Sponsor(s), will also participate in the distribution of Net Cash Flow and Net Capital Proceeds. The Manager, and/or its Affiliates, may collect fees and/or carried interest at the joint venture or sub-syndication levels outside of the Company.

SELLING AGENT

Units are being offered directly through the Company. No commissions of any kind will be paid to selling agents or brokers.

MANAGEMENT OF THE PROPERTIES

Manager may elect to hire Arizona Investment & Management, LLC, an Affiliate of Sponsor. The compensation rate will be in line with market rates, which the Company anticipates will be between four percent (4%) and five percent (5%) of gross income depending on the size of each Property.

RISK FACTORS

The purchase of the Membership Units involves a high degree of risk to the Prospective Investor including certain risks relating to regulatory, operating, tax and investment matters. Prospective investors for Membership Interests in the Company should give careful consideration to the following risk factors contained herein. An investment in the Company for a Membership Interest involves risk and is suitable only for persons of financial means who have no need for liquidity in investments and who can afford the possible loss of their entire investment. Prospective Investors should consult with their own professional advisor(s) to carefully consider the following factors, the Operating Agreement, and the Company.

Risks Related to the COVID-19 Coronavirus Worldwide Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a worldwide pandemic (the "Pandemic"). On March 13, 2020, then President Trump declared a national emergency in the United States. Various cities and States followed and declared emergencies, which for many cities and States are still in effect around the country to this day. As a result, the Pandemic and the reactions of various governments and citizens continue to cause (and any future outbreaks of the coronavirus disease may cause) massive disruptions in economies, financial markets, supply chains, businesses and daily life on a worldwide scale never seen in recent history. Such disruption may continue for an extended period or indefinitely, may lead to a recession or depression in the United States and/or globally, and may adversely impact the Company. In some areas in the United States, the Pandemic continues to cause a near total cessation of all non-essential economic activities. Many businesses continue to temporarily suspend operations and lay off employees. In the United States, persons have been diagnosed with COVID-19 in each of the 50 states. While the Company has a business continuity plan, it may be materially affected by the Pandemic. The Pandemic and reactions by governments and citizens, and the impact of the Pandemic and such reactions on businesses and the economy, are creating and are likely to continue to create various issues for the economy that are impossible to fully predict or list here but all or many could, and are likely to be, material, with such likelihood of materiality increasing the longer the duration of the Pandemic (and whether or not there is a recurrence of coronavirus even after the current Pandemic improves). The Pandemic may worsen substantially before it improves, and the entirety of the United States will continue to be impacted. There is little certainty as to when the Pandemic will completely abate, or to what extent the United

States economy will recover from the disruption caused by the Pandemic. In addition to the severe impact of the Pandemic on financial markets and economies, other things that may impact the Company in connection with the Pandemic include the continued closure of courts and state governments. The closure of certain businesses or limitations in the ability of certain businesses to function, as well as declarations of states of emergency, and "shelter at home" measures in certain areas, have and could continue to affect the ability of the staff of the Manager, and/or applicable property managers to function properly. A reduction in liquidity and increase in volatility in financial markets could affect the valuation of real estate, the health of the Company's financing partners or other persons necessary for the Company to implement its strategy and the ability to find third party financing. Also, key executives and staff members of the Manager and/or Sponsors could become infected with COVID-19, develop symptoms, and not be able to work, or not be able to work effectively.

Real Estate Risks

Risks of Real Estate in General

The risks and benefits of investment in real estate depend upon many factors over which the Company has little or no control, including, without limitation, (i) changes in the economic conditions in the country in general, and in the area in which the Properties are located, which changes could give rise to a decrease in local demand, an increase in local supply of land, an increase in unemployment, a change in the characteristics of the area in which the real property is located, and restrictive governmental regulation. This risk includes the risk of a severe economic downturn, similar to the last downturn in 2008, which could affect real estate values significantly to the downside, (ii) various uninsurable risks, (iii) increases in the costs in excess of the budgeted costs, and (iv) the continuing advance of certain provisions of the federal, tax laws, (iv) government zoning or regulatory changes that could limit the Company's expansion plans, and (v) on-site utility failures that could cause the Company to close certain facilities.

Due Diligence

The due diligence process may not reveal all material defects affecting or may not reveal all weaknesses present with the Properties. There can be no assurance that the due diligence processes will uncover all material facts that would be necessary to the Manager's decision to acquire the Properties. The Manager will assess the strength of the Properties and any other factors the Manager believes is material. In making the assessment and otherwise conducting customary due diligence, the Manager will rely on the resources available and, in some cases, investigations by third parties. There can be no guarantees that this due diligence process will uncover all necessary, pertinent or material facts, including negative facts, regarding the Properties.

Economic Uncertainties

The success of the Company will depend upon certain factors, which are beyond the control of the Manager and cannot be predicted accurately at this time. Such factors include general and local economic conditions, increased competition, increased construction costs, changes in

demand, and limitations, which may be imposed by government regulation. Prospective Investors should also be aware that if the Company experiences liquidity constraints, the Members may find it prudent or necessary to fund deficits that are not funded from company receipts and therefore made available to the Company to provide any required funds to meet such deficits in order to protect their investment in the Company. The Members, however, would not be under any legal obligation to pay such additional funds.

Environmental Hazards

If the Properties contain or becomes contaminated with, toxic or hazardous substances, the value and the marketability of the Properties will decrease and it may impact the overall investment in the Company. Additionally, the Company could incur significant costs in fines and clean-up costs associated with such hazardous substances. While the Manager will make reasonable investigations into whether the Properties contain toxic or hazardous substances, these investigations will not guarantee that the Properties are free of toxic or hazardous substances, nor can the Manager ensure that the Properties will not become contaminated with toxic or hazardous substances subsequent to the investment.

Change in the United States Government Lending Policy

Fannie Mae and Freddie Mac are a major source of financing for the commercial real estate sector. In February 2011, the Obama Administration released a report to Congress that included options, among others, to gradually shrink and eventually shut down Fannie Mae and Freddie Mac. We do not know whether the current administration or future administrations would continue with this restriction. We do not know when or if Fannie Mae or Freddie Mac will restrict their support of lending to the real estate sector or to the Company in particular. A final decision by the government to eliminate Fannie Mae or Freddie Mac, or reduce their acquisitions or guarantees of our mortgage loans, may adversely affect interest rates, capital availability and the ability to refinance any existing mortgage obligations as they come due and obtain additional long-term financing for the acquisition of additional Properties on favorable terms or at all.

Natural Disasters

The occurrence of one or more natural disasters, such as tornadoes, hurricanes, fires, floods, hailstorms, outbreaks, earthquakes, unusual weather conditions, epidemic outbreaks such as Ebola, Zika, Covid-19 virus or measles, terrorist attacks or disruptive political events in certain regions where the Properties are located could adversely affect the Properties and result in lower revenues. Natural disasters including tornadoes, hurricanes, floods, hailstorms and earthquakes may damage our operations, which may materially adversely affect our consolidated financial results. Any of these events could have a material adverse effect on the Company's financial condition and the results of operations.

Bind Pool Risks

This offering is a "blind pool" offering meaning that the Company intends to acquire multi-family properties on a select basis and in the Manager's discretion. This entails a significant amount of risk including, without limitation, the following: (i) The Company may be unable to acquire a desired property because of competition from other well capitalized real estate investors, including both publicly traded REITs and institutional investment funds, (ii) even if the Company enters into an acquisition agreement for a property, it is usually subject to customary conditions for closing, including completion of due diligence investigations to our satisfaction, which may not be satisfied, (iii) even if the Company is able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price or subsequent operations of such property (iv) the Company may be unable to finance acquisitions on favorable terms, (v) acquired properties may fail to perform as expected, (vi) acquired properties may be located in new markets where the Company may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures; and (vii) the Company may be unable to quickly and efficiently locate and acquire new acquisitions, particularly acquisitions of portfolios of properties; such delays in acquiring properties may prevent investors from realizing the full potential of their invested capital as any return on their investment may be delayed for a significant amount of time.

If any of the above were to occur, the business and results of operations could be adversely affected. In addition, the Company may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were to be asserted against the Company based on ownership of those properties, the Company might have to pay substantial sums to settle it, which could adversely affect overall returns to investors.

Vacancy and Tenant Defaults

The Company will depend on revenue generated from the rental income of the Properties to pay the operating expenses for the Company and the debt service payments (as well as distributions to the Members). Vacant units and/or defaults by tenants could reduce the amount of distributions that might otherwise be available for payment of its expenses and/or distribution to the Members.

A vacancy or tenant's default of its rent will cause the Company to lose the revenue from that unit and if enough effective vacancies occur, the Company may be required to find an alternative source of revenue to meet its debt service payments and other operating expenses for the Properties. In the event of a tenant default, the Company may experience delays in enforcing its rights as a landlord and may incur substantial costs in evicting the tenant and re-renting the unit.

Appeal of the Properties

A major risk of owning real estate is the appeal. The appeal to prospective tenants and/or buyers of any given property depends, among other things, upon unpredictable public tastes and such appeal cannot be predicted in advance with any degree of certainty. Tenant and buyer trends can often change making a particular geographical area more or less desired than before. While

the experience and talent of the persons involved with a property generally improve the chances of any given project achieving success, there can be no assurance that the Properties will appeal to prospective tenants or buyers and could therefore affect the overall performance of the Properties.

Competition

The Company will compete with other owners and operators of similar properties in the same market in which the Properties are located. The number of competitive properties in a particular area could have a material adverse effect on the ability to lease sites and increase rents charged at the Property. If competitors offer rental rates below current market rates or below the rental rates currently charged to tenants of the Properties, the Company may lose potential tenants and may be pressured to reduce its rental rates below those currently charged in order to retain tenants when their leases expire. As a result, the Company's financial condition, cash flow, cash available for distribution, and ability to satisfy the Company's debt service obligations could be materially adversely affected.

Operating Risk

Profitability

The Company is a newly formed entity, which had no operation prior to this Offering. There can be no assurance that the Company will operate profitably in the future.

Property Demand

The Sponsor's financial projections are based on analysis of current demand and economic conditions. There is no guarantee that the same demand or economic conditions will exist at the time operations of the Property begins or when the Sponsor plans to refinance or sell the Properties.

Distributions

The Company does not promise distributions of specific amounts to the Members. The availability of cash for distributions will depend on market factors outside of the Manager's control. Furthermore, the availability of distributions and the timing thereof will be determined at the sole discretion of the Manager. The Manager intends to use the proceeds raised in this Offering to purchase direct fee simple interests in real estate and co-invest as a passive investor in entities that will own multi-family properties, thus the Manager may not have full control over each underlying investment. The Manager does, however, plan to negotiate a management stake in each joint venture entity. While each joint venture may be structured differently, subject to the final negotiations between the Manager and relevant co-sponsors, the Manager intends to negotiate a total return sufficient enough to pay the

Preferred Return. Additionally, the Class B Member, or an Affiliate, also intends to negotiate fees and/or carried interest in the underlying joint ventures entities for its role as a co-sponsor.

Likelihood of Success-Business Risks

The likelihood of success of the Company must be considered in the light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the acquisition, operation, improvement and sale of real estate in general, and the Properties specifically. There can be no assurance the Company will be able to operate, improve or sell the Properties, or that the Company will be able to achieve profitability.

Risk of Interpretation of Real Estate Documents and Agreements

There are certain risks in connection with any real estate acquisition and financing resulting from the drafting and subsequent interpretation of mortgages, deeds, leases, purchase agreements, management contracts, franchisee agreements, etc. Any documents describing the Properties or the legal relations thereto could be subject to various interpretations and potential disputes. While legal counsel will review certain legal documents, it is impossible to prevent and be secured against such various differing interpretations.

Risks of Real Estate Ownership

Real estate is not readily marketable. It is fixed in location and is subject to adverse social and economic changes and uses, rising operating costs, construction-related deficiencies, vacancies and collection difficulties. Operating expenses may increase beyond the rent levels obtainable by the Company or rental income may decline due to vacancies, which can be the result of improper management or a change in the social patterns in the area.

Results of Operations - Possible Operating Deficits.

Pursuant to this Offering, the Company is raising capital of up to $25,000,000 payable in full upon subscription. It is not anticipated that the Company will require additional capital beyond that mentioned above, however, there is no assurance that these funds will be adequate. This Offering is based upon projected results, which may be greater than results obtained from actual operations. Actual results may differ adversely for a number of reasons. following the purchase, the Company may be subject to rising operating costs, fluctuating vacancy levels, rent collection difficulties, possible rent controls imposed by the government and adverse economic and social events. These factors could also affect the operation of the Company. If operating income is substantially less than projected, and additional cash requirements are necessary and such funds are not provided by the Members or by outside financing, the Project could go into default and be foreclosed. (See "USES OF FUNDS".)

If additional capital is needed, the Manager may seek additional capital contributions from the Company, and/or the other Members. If they fail to contribute sufficiently, the Manager expects to sell interests in the Company to new Prospective Investors or other investors, which would result in dilution of the interest of the existing Members. The Class B Members may loan funds to the Company from time to time on an interest only basis with principal payments deferred. Any such loans will bear interest

at the rate of determined by the Manager with interest accrued monthly in arrears. The Manager may also procure additional funds through loans from an affiliate or outside sources.

Risk of Financing and Potential Foreclosure on Mortgage Loan

A mortgage loan will likely secure the Properties. The risk of foreclosure can arise from, among other things: (i) the failure of a Property at any time to maintain revenue levels sufficient to meet expenses and mortgage amortization (specially, but not limited to, during an economic downturn), and (ii) the failure by the Company to meet any of the other various conditions existing in the mortgage loan documents. Payment of principal and interest on the mortgage loan will be due on a monthly basis. It is anticipated that these payments will be met from income generated by each Property. No assurance can be given that each Property will generate sufficient income to meet the monthly payments.

Dependence Upon Issuer

The Manager has full discretion in the management of the Properties and in the management and control of the affairs of the Company, including the authority to sell less than all or substantially all of the Company's assets for whatever consideration it deems appropriate. Except upon the sale of all or substantially all of the Company's assets, the sale of such assets will not result in the dissolution of the Company. The sale of all or substantially all of the Company's interests will result in the dissolution of the Company. The success of the operations of the Company will be dependent in large measure on the judgment and ability of the Manager.

Reliance on Manager for the Management of the Properties

The Manager is vested with the exclusive authority as to the management and conduct of the business and affairs of the Company. The success of the Company depends, to a large extent, upon the management decisions made by the Manager. The Company will be dependent upon the experience and expertise of the Manager in Project business activities. In the event the Manager cannot serve as manager for the Company for any reason, experienced management may not be readily available, and the Company may be negatively affected. The Company does not expect to obtain a "key man" life insurance policy for the principals of the Manager.

Uninsured Losses; Cost of Insurance

Although the Manager may arrange for certain insurance coverage to the extent that doing so is reasonable, costs of insurance may escalate beyond those anticipated, or certain kinds of losses may be uninsurable or may exceed available coverage. In the event of an uninsured loss, Members may recognize a loss of all or a portion of their investment. Manager may also obtain errors and omissions insurance that the Company may proportionally pay for to cover any errors and omissions by the Manager in connection with each Property and/or Project.

Financing Requirements

The Company's investment in a Property will depend, in part, upon the successful acquisition and/or assumption of debt financing secured by the specific Property prior to the close

of escrow. There can be no assurance that such financing can be obtained, or that it can be obtained on favorable terms. There is always a risk that the lender may ultimately lend at a higher interest rate or at a lower amount, which would increase the amount of money that the Company would need to raise and therefore could affect returns. Additionally, if the proceeds from this Offering and the initial debt financing source identified and/or acquired by the Manager are not sufficient to purchase a Property, the Manager may, in its sole discretion, seek financing from other sources including but not limited to loans from Members and/or Affiliates, Hard Money Loans, Bridge Loans or other alternative sources. Such additional financing may be secured by the Property and may also command high interest rates relative to the market rates. If this were to occur, it could affect overall returns to Members due to the increased debt service payments. Furthermore, the risk of foreclosure could be increased if net income from a Property was not sufficient to cover the additional debt service payments.

Construction Cost Increase

The estimated total cost for improvements of a Property may increase due to unforeseen circumstances including but not limited to labor shortages and productivity issues, health and safety hazards, subcontractor default and change orders, and subcontractor supplies and equipment price increases. In such an event Company may not obtain its forecasted Net Cash Flow and Prospective Investors would not receive their targeted returns.

Securities Risks

This Offering has not been registered and relies on an exemption to registration

This Offering has not been registered under the Securities Act of 1933, as amended, in reliance on the exceptive provisions of section 4(a)(2) of the 1933 Act and Regulation D promulgated thereunder. Similar reliance has been placed on exemptions from securities registration requirements under various state securities laws. There is no assurance that the offering presently qualifies or will continue to qualify under such exceptive provisions due to, among other things, the adequacy of disclosure, the manner of distribution of the offering, the existence of similar offerings conducted by the Company, or the retroactive change of any securities or regulations. If suits for rescission are brought against the Company under the Act or laws, both capital and assets of the Company could be adversely affected. Further expenditure of Company time and capital in defending an action by investors, the Securities Exchange Commission, or state regulators, even if the Company is ultimately exonerated, could adversely affect the Company's ability to profitably operate the Properties.

Limited Transferability

As a consequence of the restrictions on subsequent transfer imposed by the exemptions to registration that the Company is relying on, the Units may not be subsequently sold, assigned, conveyed, pledged, hypothecated or otherwise transferred by the holder thereof, whether or not for consideration, except in compliance with the Act and applicable state securities laws. The Prospective Investor will receive restricted securities that, generally, will require a minimum hold

period of twelve (12) months. There will be no public market for the Units following termination of this Offering and it is not expected that a public market for the Units will ever develop.

In addition, the Operating Agreement places restrictions on the transfer or assignment of the Units. Any Member who desires to transfer a Unit in the Company in accordance with the terms of the Agreement will nevertheless be prohibited from transferring said Unit except in compliance with all applicable federal and state securities laws. Accordingly, Members of the Company should be prepared to remain Members until the termination of the Company.

Lack of Liquidity

There is no present market for the Units, and no such market is anticipated. Further, there can be no assurance that a market for the Units will develop or, if such market develops that it will continue. Further, there are restrictions on transfer of the Unit in the event that a market develops for the Company's Units. Accordingly, an investment in the Units will not be liquid and there can be no assurance that the Units offered hereby can be resold at or near the Offering price and, in fact, purchasers of the Units may be unable to resell them for an indeterminate period of time.

Purchase of Units by Sponsor

In the event all Class A Membership Units are not sold by closing of the Offering, Sponsor or its Affiliates may, but is not obligated to, purchase any unsold Class A Membership Units, as a placeholder, which will then be continued to be offered by the Company after the close of the Offering. These purchases, if they occur, will be on the same terms and conditions as any other investor for investment and not for resale. As unsold Class A Membership Units are sold, Sponsor or its Affiliates shall have the right to redeem the purchased units for the same purchase price.

Special Risks of the Company Form and Membership Units

Liability for Return of Capital Contribution

Under Federal and/or State law, a Member who receives a return of any portion of the capital contribution to the Company may be liable to Company for the amount of the returned portion of the capital contribution, plus interest only to the extent necessary to discharge the Company's liabilities to creditors who extended credit to the Company or whose claims arose during the period the returned portion or capital contribution was held by the Company.

No Right to Manage

A Member is not permitted to take any part in management or control of the business or affairs of the Company except as specifically provided for in the Operating Agreement. The Agreement vests exclusive control and management of the Company in the Manager as a result of which, the Members have no right to participate in the management of the Company except for only those matters which are specifically reserved in the Agreement to require a vote of the Members. Accordingly, the Company will be totally dependent on the Manager and its Affiliates

to manage the business of the Company. Accordingly, the success of the Company's business will depend in large upon the expertise of the Manager. Removal of the Manager is permitted only under certain limited conditions as set forth in the Agreement.

Limitation of Manager's Liability

The Manager, its Affiliates, officers, shareholders, directors, employees, and agents will not be liable to any Member, and the Company will indemnify the foregoing against any and all liabilities, or damages, including attorney fees incurred by them by virtue of the performance any of them of the duties of the Manager acting as Manager in connection with Company's business, so long as such person acted within the scope of its, his, or her authority and in good faith on behalf of the Company, but only if such course of conduct does not constitute gross negligence, fraud, and/or willful or intentional misconduct. Under the terms of the Operating Agreement, the Manager, its Affiliates, and their officers, shareholders, directors, employees and agents will not be liable for any loss or damage to Company property caused by any occurrence beyond the control of the Manager. A Member may have a limited right of action against the Manager than would be available absent indemnification provisions contained in the Agreement.

No Business Appraisal of the Units

The Offering price per Unit was unilaterally and arbitrarily determined by the Manager based upon acquisition costs, estimated operating expenses, estimated fees to be paid and estimated offering expenses. However, the Manager believes the purchase price to be on competitive terms.

No Assurance of Return of Invested Capital

Any return to the Members on their capital contribution will be dependent upon the ability of the Manager. Such ability will be determined in part, upon economic factors and conditions beyond the control of the Manager.

Adequacy of Capital and Reserves

An adequate amount of capital is necessary for success of the Company. In the event there are cost overruns or delays, further capital may be necessary.

Tax Risks

General

There is no general explanation of the federal income tax aspects of investment in the Company contained in this Memorandum. No representation or warranty of any kind is made by the Manager, the Company, counsel to the Manager or the Company with respect to any tax consequences relating to the Company, or the allocation of taxable income or loss set forth in this

Memorandum or the Operating Agreement and each Prospective Investor should seek his own tax advice concerning the purchase of a Membership Unit.

Suitability of the Investment to the Investor

It is expected that the Company will produce taxable income to its Prospective Investors. Because of the 1986 Reform Act, in the event a taxable loss is produced by the Company in any year, such loss will be available to a Prospective Investor only to the extent of the Prospective Investor's passive income from other sources. Unutilized tax losses may be carried forward into subsequent years to offset future passive income or offset taxable gain upon disposition of the Company's assets.

Federal Income Tax Risks

i *Necessity of Obtaining Professional Advice*. THERE IS NO GENERAL EXPLANATION OF THE FEDERAL INCOME TAX ASPECTS OF INVESTMENT IN THE COMPANY CONTAINED IN THIS MEMORANDUM, AND ACCORDINGLY, EACH INVESTOR IS URGED TO CONSULT SUCH INVESTOR'S OWN TAX INVESTMENT AND LEGAL ADVISORS WITH RESPECT TO SUCH MATTERS AND WITH RESPECT TO THE ADVISABILITY OF INVESTING IN THE COMPANY. The income tax consequences of an investment in the Company are complex, subject to varying interpretations, and may vary significantly between Prospective Investors depending upon such personal factors such as sources of income, investment portfolios and other tax considerations. A Prospective Investor should consider with Prospective Investor's professional advisors the tax effects of Prospective Investor becoming a Class A or Class B Member. Each Prospective Investor should, at Prospective Investor's own expense, retain, consult with and rely on Prospective Investor's own advisors with respect to the tax effects of Prospective Investor's investment in the Company. In addition to considering the federal income tax consequences, each Prospective Investor should also consider with Prospective Investor's own advisors the state and local tax consequences of an investment in the Company.

No representation or warranty of any kind is made by the Manager, the Company, counsel to the Manager or the Company with respect to any federal, state or local tax consequences resulting from an investment in the Company, and no assurances are given that any deduction or other federal income tax benefits will be available to Members in the Company in the current or future years relating to the Company, or the allocation of taxable income or loss set forth in this Memorandum or the Operating Agreement.

ii *Tax Law Changes*. The existence and amount of particular credits and deductions, if any, claimed by the Company may depend upon various determinations and allocations, characterizations of payments, and other matters which are subject to potential controversy on factual as well as legal grounds. Changes in the tax code and official interpretations thereof after the date of this Memorandum may eliminate or reduce any perceived tax benefits from an investment in the Units. There can be no assurance that regulations having an adverse effect on the Members will not be issued in the future and enforced by the courts. Any modification or change in the tax code or the regulations promulgated thereunder, or any

judicial decision, could be applied retroactively to any investment in the Company. In view of this uncertainty, Prospective Investors are urged to consider ongoing developments in this area and consult their advisors concerning the effects of such developments on an investment in the Company in light of their own personal tax situations.

iii *Absence of Ruling or Opinion*. The Company will not seek a ruling from the IRS or an opinion of counsel with respect to any tax matters described in this Memorandum.

iv *Risk of Audit*. Information returns filed by the Company are subject to audit by the IRS. An audit of the Company's returns may lead to adjustments of a Member's return with respect to items other than those relating to the Member's investment in the Company, the costs of which would be borne by the affected Members. The tax treatment of items of partnership income, loss, deductions, and credits is determined at the partnership level in a unified partnership proceeding, and George Drew Gibson III as the "Tax Matters Member" of the Company, may, under certain circumstances, represent and bind all of the Members. Any adjustment made to the Company's or a Member's return could result in the affected Members being subject to an imposition of interest, additional taxes and penalties.

Investment by Tax-Exempt Entities

Tax-exempt entities, such as pension funds and individual retirement accounts, generally are exempt from taxation except to the extent that "unrelated business taxable income" ("UBTI") and "unrelated debt financed income" ("UDFI") (determined in accordance with Sections 511-514 of the Code) exceeds $1,000 during any tax year. A tax-exempt entity may have UBTI and/or UDFI from businesses in which it owns an interest. In addition, it may have UBTI and/or UDFI if a partnership in which it has an interest (i) owns "debt-financed property", that is, the property in which there is "acquisition indebtedness" (in accordance with Section 514(d) of the Code), and the partnership earns interest income from the debt-financed property or realizes gains or losses from the sale, exchange or other disposition of the debt-financed property, or (ii) regularly carries on a trade or business. In addition, UBTI and/or UDFI may be generated when an IRA holds an interest in real estate which obtained financing (such is the case with the Company). The portion of the profit realized through the debt financing may be subject to UBTI and/or UDFI tax. The Company expects that all or substantially all of the Company's income will constitute UBTI and/or UDFI with respect to a tax-exempt entity. The Code does not impose restrictions on the acquisition of interests in partnerships, such as the Company, by tax-exempt entities. However, the acquisition of such an interest may result in a tax- exempt entity being subject to UBTI and/or UDFI. *If you are investing through an IRA, please consult your accountant and financial consultant for an evaluation of UBTI and/or UDFI as applied to your investment*.

Business Plan Disclosures

General

The Business Plan attached as **Exhibit "D"** contains numerous forward-looking statements and financial projections and forecasts. These estimated projections are based on numerous assumptions and hypothetical scenarios and Sponsor explicitly makes no representation or warranty of any kind with respect

to any financial projection or forecast delivered in connection with the Offering or any of the assumptions underlying them.

The Market

The Business Plan cites various sources relating to rental demand in the Phoenix market. There can be no guarantee that rental conditions will remain favorable or that the favorable market conditions, if they continue, will ensure the success of the Property and/or the Company.

Past Performance is No Indication of Future Success

In many instances, Sponsor has addressed in its Business Plan (attached as **Exhibit "D"**) prior performance of assets, markets, population growth and/or experience, including Sponsor's successful prior track record. Although important for purposes of evaluating the Sponsor and market, past performance is not an indication of future success and there are no assurances that this investment will mirror any past performance.

Reserves for Preferred Return

Although the Preferred Return will begin accruing four (4) months after a Class A Member has subscribed to the Offering and tendered their Capital Contribution, the Manager does not intend to make quarterly distributions to the Class A Members until twelve (12) months after the date of this Offering. The Manager, in its sole discretion, reserves the right to establish a reserve account to hold accrued but unpaid Preferred Returns in the event Net Cash Flow is insufficient to satisfy quarterly distributions.

Risks as a Co-Sponsor or Joint Venture Partner

The Company may, in the Managers discretion, co-sponsor or become a joint venture partner in the Company's underlying investments. If this were to occur, the Company would use proceeds from this Offering to invest in such Properties. Though the Manager intends to negotiate a meaningful management role in such projects, there can be no guarantee that the Company, through the Manager, may be able to fully control the operations of the Property. Such Properties may be partially controlled by others with less experience or who do not have a fiduciary duty to the Company and thus would not put Prospective Investors' interests first in such projects.

CONSULT YOUR OWN ATTORNEY, ACCOUNTANT AND/OR FINANCIAL CONSULTANT FOR AN EVALUATION OF THE MERIT OF AND THE RISK INHERENT IN THIS INVESTMENT. EACH PROSPECTIVE INVESTOR IS RESPONSIBLE FOR ANY FEES OR CHARGES INCURRED IN CONNECTION WITH SUCH AN EVALUATION.

DISTRIBUTIONS TO MEMBERS

This Memorandum contains estimates which have been prepared on the basis of assumptions and hypotheses favorable to Prospective Investors solely for the purpose of illustration and which have not been passed on by counsel or other professional advisors to the Company. (See "RISK FACTORS.")

No representation or warranty of any kind is or can be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, these estimates or the assumptions underlying them.

Each Prospective Investor should consult their own tax counsel, accountants and other advisors as to the tax matters and economic benefits set forth herein. No part of this Memorandum or the attachments hereto is, or should be interpreted as legal, tax or investment advice.

Limitations on Cash Distributions.

The Manager is authorized to retain funds necessary to cover the Company's reasonable business needs, which may include reserves against possible losses and expenditures as may be necessary.

Allocations of Taxable Income, Gains and Losses from Operations, and Net Cash Flow, Etc.

To the extent advantageous to the Members and permitted by applicable law and regulations, the Company and Manager intend to seek the most favorable tax treatment for all expenditures of the Company. The Manager will cause the Company's tax returns to be prepared and filed on such basis as utilized in preparing the financial projections; provided, however, that such methods are, in the opinion of the Manager, in accordance with generally accepted accounting principles and/or current Internal Revenue Service Rules and Regulations and, if conflicting, whichever the Manager deems applicable.

In the event of a transfer of a Unit permitted by the Operating Agreement, such transferee, when admitted to the Company as a Member, shall be allocated income, gains, losses, deductions, credits and cash distributions in accordance with his Unit.

For specific distributions and allocations, please see OFFERING section above.

NO TAX RULING

The Company will not seek a ruling from the Internal Revenue Service (the "IRS") as to any aspects of the Offering and will rely on the opinion of the Manager and its legal counsel with respect to its classification as a limited liability company for federal income tax purposes. (See "RISK FACTORS - TAX RISKS.")

OPERATING AGREEMENT

Each Prospective Investor will be admitted as a Class A Member of the Company pursuant to the terms of the Operating Agreement, which will be executed, upon the admission of the first Member to the Company, by the Manager(s). Various references to the Operating Agreement are contained in

this Memorandum, but such references do not purport to be complete descriptions of the provisions of the Agreement. Prospective Investors and their advisor(s) should read the entire Operating Agreement.

CONFLICTS OF INTEREST

The Company is subject to various substantial existing and/or potential conflicts of interest arising out of its relationship with the Manager and/or its Affiliates. These conflicts may involve:

Allocation of Manager's Activities

(a) The Manager and/or its Affiliates are not required to devote themselves exclusively to the affairs of the Company. Further, the Manager and its Affiliates may own real estate in the same asset class or market as the Properties. The Manager and/or its Affiliates may have a conflict of interest in the ownership of these other properties and in allocating management, services and functions between this Company and their other present and future interests. The Manager and/or its Affiliates believe that they have sufficient time and staff to be fully capable of discharging their responsibilities to the Company and to any other present or future activities.

(b) The Manager and/or its Affiliates serve and may serve in such capacity in other limited partnerships, limited liability companies, corporations or entities which will compete with the activities of the Company. These capacities include, but are not limited to, entities that are owned by other passive investors like the Prospective Investor(s). The Manager and/or its Affiliates may have conflicts of interest in allocating management, time, services and functions between other limited partnerships or ventures and this Company as well as any future limited partnerships or limited liability companies. The Manager believes that, together with its Affiliates and any employees or agents which may be retained in the future, it has sufficient staff to be fully capable of discharging its responsibilities to this Company and any other present or future limited partnerships, limited liability companies, corporations or entities.

(c) The Manager and/or its Affiliates has and may in the future, raise capital for other entities that include investors who are not Prospective Investors.

Compensation to Manager

This Offering involves compensation or benefits to the Manager and Affiliates and for-profit participation. The compensation was not selected by arm's length methods, but Manager believes that the fees that the Company intends to pay are reasonable, in light of the tasks and risks undertaken, and will result in substantial benefits to the Class A Members. The Manager and/or its Affiliates may have conflicts of interest as decisions may be influenced by the desire to earn the compensation.

Lack of Independent Counsel

The prospective Class A Members, Class B Members, Manager, and the Company have not had separate legal counsel in connection with the formation of the Company, and the offering of the Units; nor have the Class A Members been represented in preparation of the Operating Agreement. Therefore,

the terms of such arrangements have not been determined on an arms-length basis. Class A Members should seek the advice of their own counsel.

Liability of Members and Manager

Applicable state law and the Operating Agreement provide that the debts, obligations and liabilities of the Company, however or wherever arisen or derived, shall be solely those of the Company, and no Member of the Company shall be personally liable for the same to third parties solely by reason of his or her status as a Member, and that the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs shall not be grounds for imposing personal liability on Members for liabilities or obligations of the Company.

The Agreement provides that no contract, action or transaction is void or voidable with respect to the Company because it is between or affects the Company and one or more of its Members, managers, or officers or because it is between or affects the Company and any other person in which one or more of its Members, managers or officers are Members, managers, directors, trustees, or officers or have financial or personal interest, or because one or more interested Members, managers or officers participate in or vote at the meeting that authorizes the contracts, action, or transaction, provided certain circumstances apply.

STANDARD OF CARE; INDEMNIFICATION

Standard of Care of Manager. Fiduciary rules provide that manager of a limited liability company shall perform their duties as managers in good faith, in a manner they reasonably believe to be in or not opposed to the best interests of the Company, and with the care that an ordinarily prudent person in a similar position would use under similar circumstances. This is in addition to the Manager's duty of disclosure and duty of loyalty and several duties and obligations of and limitations on the Manager as set forth in the Operating Agreement.

To impose liability on a manager, however, it must be shown by clear and convincing evidence that the standard of care was not met by the Manager. It should be noted that the cost of litigation against any Manager for enforcement of the standard of care may be prohibitively high and that any judgment obtained may not be collectible since the Manager is not bonded and any judgment exceeding their net worth or errors and omissions insurance may not be collectible. An investment decision should be based on the judgment of a Prospective Investor as to the investment factors described in this Memorandum rather than reliance upon the value of the right to bring legal actions against or to control the activities of the Manager.

Notwithstanding the standards of care obligations, the Manager has broad discretionary power under the terms of the Operating Agreement and under applicable state law to manage the affairs of the Company with the assistance, if desirable, of consultants or others retained for the account of the Company or the Manager. Generally, actions taken by the Manager is not subject to vote or review by the Members, except to the limited extent provided in the Agreement.

Indemnification. The Operating Agreement provides that the Company may, to the fullest extent not prohibited by Operating Agreement of the Company or any provisions of applicable law indemnify the Manager against any and all costs and expenses (including amounts paid in settlement, and other

disbursements) actually and reasonably incurred by or imposed upon such person in connection with any action, suit, investigation or proceeding (or any claim or other matter therein), whether civil, criminal, administrative or otherwise in nature, including any settlements thereof or any appeal therein, with respect to which the Manager is named or otherwise becomes or is threatened to be made a party by reason of being or at any time having been a Manager of the Company or, at the direction or request of the Company, a manager, director, trustee, officer, employee, or agent of or fiduciary for any other limited liability company, corporation, partnership, trust, venture, or other entity or enterprise.

Because there are provisions in the Operating Agreement for indemnification of the Manager, purchasers of Class A Interests may have a more limited right of action than they would have absent such provision in the Agreement. Insofar as indemnification for liabilities arising out of the Securities Act of 1933, as amended, may not be provided to directors, officers and controlling persons pursuant to the foregoing, or otherwise, the Manager has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is contrary to public policy and is, therefore, unenforceable.

RESTRICTIONS ON TRANSFER

The Units have not been registered under the Act. The Units are being offered and will be sold in the absence of any registration under the Act, by reason of an exemption under Section 4(a)(2) and/or Regulation D promulgated under the Act. The availability of such exemption is dependent, in part, upon the "investment intent" of each Investor and will not be available if any Prospective Investor purchases a Unit with a view toward its distribution. Accordingly, each Prospective Investor will be required to acknowledge that his purchase is being made for investment, for his own record and beneficial account, and without any view to the distribution thereof. A Unit may not be resold by a Member unless and until it is subsequently registered under the Act and applicable state securities laws or unless appropriate exemptions from registration are available.

Prospective Investors have not been, and will not be, granted the right to require the registration of the Units under the Act and applicable state securities laws. Moreover, the Company has no intention to register the Units under federal securities laws (or to take any action to make exemptions from registration on resale or transfer available to the Prospective Investor(s) and, in view of the nature of the transaction, it is highly unlikely that there will be any such registration (or such action taken) at any time in the future. Accordingly, an Investor must bear the economic risk of an investment in a Unit for an indefinite period of time.

If a Member wishes to dispose of his Units in a transaction not requiring registration under the Act and applicable state securities laws, such disposition is governed by, among other things, the terms of the Operating Agreement.

Finally, no sale, exchange or other transfer or assignment of the whole or any portion of a Unit will be permitted without the prior written consent of the Manager, which consent will be withheld if (a) all applicable federal and state securities laws and regulations with respect to transfers of securities, including but not limited to the Act and the Securities and Exchange Act of 1934, as amended, are not complied with to the satisfaction of the Manager, or (b) in the sole opinion of counsel to the Company there will be adverse consequences to the Company or any of the non-transferring Members under any

applicable federal, state or local income tax laws or regulations, or (c) for any other reason in the sole discretion of the Manager.

FURTHER INVESTIGATION

Statements contained in this Private Placement Memorandum as to the contents of the Operating Agreement, or other documents, are not necessarily complete and each such statement is deemed to be qualified and amplified in all respects by the provisions of such agreements and documents, copies of which are either attached hereto or are available upon reasonable notice for examination by offerees, or their duly authorized representatives, at 6534 N. 27th Avenue, Phoenix, Arizona 85017. The Operating Agreement is set forth in its entirety as **Exhibit "A"** to this Private Placement Memorandum, and each offeree is urged to review this document carefully. Each offeree and his business and/or tax advisors are urged to examine all agreements and documents.

HOW TO SUBSCRIBE FOR CLASS A MEMBERSHIP UNITS

Prospective Investor has received Offering Documents containing the following documents which the Subscriber should complete, date, execute, acknowledge (where required) and deliver to the Manager:

1. **The Operating Agreement, Prospective Purchaser Questionnaire and Subscription Agreement (attached hereto as Exhibits "A", "B" and "C", respectively); and**

2. **A check or wire transfer made in accordance with the instructions to be provided by Sponsor.**

The Manager, in its sole discretion, may accept subscriptions for Class A Membership Units in amounts that are less than the minimum. Subscriptions may be accepted or rejected by the Manager in its sole discretion. If a Prospective Investor's subscription is rejected, his or her subscription payment will promptly be returned.

Prospective Investors may not withdraw subscriptions tendered to the Company other than as provided in the Subscription Agreement.

EXHIBIT "A"

OPERATING AGREEMENT OF THE COMPANY

FIRST AMENDED AND RESTATED OPERATING AGREEMENT
of
SW OPPORTUNITY FUND IV, LLC
an Arizona limited liability company

This First Amended and Restated Operating Agreement of SW Opportunity Fund IV, LLC is intended to replace, in its entirety, the original Operating Agreement that became effective on the date the Articles of Organization was filed with the Arizona Corporation Commission. This First Amended and Restated Operating Agreement is made and entered into effective as of February 1, 2023, by and among the Manager(s) and the several persons whose names and addresses are set forth in the Register, and whose signatures appear on the counterpart signature pages attached hereto, and any other Person who shall hereafter execute this Agreement as a Member of SW Opportunity Fund IV, LLC, pursuant to and in accordance with the Arizona Limited Liability Company Act, as amended from time to time.

W I T N E S S E T H

WHEREAS the parties hereto, wishing to form and become members of a limited liability company called SW Opportunity Fund IV, LLC under and pursuant to the laws of the State of Arizona, have caused the initial Articles of Organization of the Company to be executed and filed with the Arizona Corporation Commission; and

WHEREAS the parties agree that their respective rights, powers, duties and obligations as members of the Company, and the management, operations and activities of the Company, shall be governed by this Agreement.

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions contained herein, the parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 Certain Definitions. Capitalized terms used in this Agreement without other definition shall, unless expressly stated otherwise, have the meanings specified in this Section 1:

1.1.1 "Act" means the Arizona Limited Liability Company Act, as from time to time in effect in the State of Arizona, or any corresponding provision(s) of any succeeding or successor law of such State; provided, however, that in the event that any amendment to the Act, or any succeeding or successor law, is applicable to the Company only if the Company has elected to be governed by the Act as so amended or by such succeeding or successor law, as the case may be, the term "Act" shall refer to the Act as so amended or to such succeeding or successor law only after the appropriate election by the Company, if made, has become effective.

1.1.2 "Acquisition Fee" means a one-time acquisition fee of two percent (2%) of the purchase price of each Property, which shall be paid to Manager at closing of the purchase of the Property.

1.1.3 "Affiliate" of a Member or Manager means any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Member or a Manager, as applicable. The term "control," as used in the immediately preceding sentence, means with respect to a corporation, limited liability company, limited life company or limited duration company (collectively, "Limited Liability Company"), the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or Limited Liability Company and, with respect to any individual, partnership, trust, estate, association or other entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

1.1.4 "Agreement" or "Operating Agreement" means this First Amended and Restated Operating Agreement, as originally executed and as amended, modified or supplemented from time to time. Words such as "herein," "hereinafter," "hereof," "hereto," "hereby" and "hereunder," when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.

1.1.5 "Articles of Organization" means the Articles of Organization of the Company, as originally filed with the Arizona Corporation Commission and as amended, modified or supplemented from time to time.

1.1.6 "Asset Management Fee" means an asset management fee of two percent (2%) of gross revenues paid to Manager on a monthly basis.

1.1.7 "Assignee" means any transferee of a Member's Interest who has not been admitted as a Member of the Company in accordance with Section 9.4.

1.1.8 "Bankruptcy" means, with respect to a Member: (i) such Member makes an assignment for the benefit of creditors; (ii) such Member files a voluntary petition in bankruptcy; (iii) such Member is adjudged as bankrupt or insolvent, or has entered against him, her or it an order for relief, in any bankruptcy or insolvency proceeding; (iv) such Member files a petition or answer seeking for himself or itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation; (v) such Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him, her or it in any proceeding of a nature described in this subsection 1.1.7; (vi) such Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Member or of all or any substantial part of his, her, or its properties; or (vii) 120 days after the commencement of any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, if the proceeding has not been dismissed, or if within 90 days after the appointment without the Member's consent or acquiescence of a trustee, receiver or liquidator of the Member or of all or any substantial part of his, her or its properties, the

appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated.

1.1.9 "Capital Account" means an account established and maintained (in accordance with, and intended to comply with, Income Tax Regulations Section 1.704-1(b) for each Member pursuant to Section 5.2 hereof.

1.1.10 "Capital Contributions" means the contributions made by the Members to the Company pursuant to Sections 6.1 or 6.4 hereof and, in the case of all the Members, the aggregate of all such Capital Contributions.

1.1.11 "Capital Transaction Event" means the sale or refinance of the Properties, or sale of substantially all of the assets of the Company or upon dissolution (or net proceeds of refinance or liquidation, as the case may be).

1.1.12 "Class A-1 Account" shall mean the book-keeping account created and used to capture the Class A-1 Member's proportional distribution of the Net Cash Flow and Net Capital Proceeds.

1.1.13 "Class A-2 Account" shall mean the book-keeping account created and used to capture the Class A-2 Member's proportional distribution of the Net Cash Flow and Net Capital Proceeds.

1.1.14 "Class A Interest" means an Interest which is held by a Class A Member.

1.1.15 "Class A-1 Interest" means an Interest which is held by a Class A-1 Member.

1.1.16 "Class A-2 Interest" means an Interest which is held by a Class A-2 Member.

1.1.17 "Class A Member(s)" means, collectively, the Class A-1 and Class A-2 Members.

1.1.18 "Class A-1 Member(s)" means Person(s) admitted as Class A-1 Members by the Manager and whose name is listed in the Register. The minimum investment to become a Class A-1 Member is $100,000. The Class A-1 Member(s) will be limited to Retail Investors. Class A-1 Members who invest via retirement accounts (i.e., IRAs etc.) will not participate in the allocation of depreciation or other tax benefits.

1.1.19 "Class A-2 Member(s)" means Person(s) admitted as Class A-2 Members by the Manager and whose name is listed in the Register. The minimum investment to become a Class A-2 Member is $250,000. The Class A-2 Member(s) will be limited to Institutional Investors.

1.1.20 "Class B Interest" means an Interest that is held by a Class B Member.

1.1.21 "Class B Member" means Person(s) executing the Operating Agreement as a Class B Member(s), as amended from time to time, and as shown in the Register.

1.1.22 "Code" means the United States Internal Revenue Code of 1986, as amended, or any corresponding provision or provisions of any succeeding law and, to the extent applicable, the Income Tax Regulations.

1.1.23 "Company" means SW Opportunity Fund IV, LLC, an Arizona limited liability company.

1.1.24 "Income Tax Regulations" means, unless the context clearly indicates otherwise, the regulations in force as final or temporary that have been issued by the U.S. Department of the Treasury pursuant to its authority under the Code, and any successor regulations.

1.1.25 "Institutional Investor" means a pension fund, mutual fund, endowment fund, hedge fund, insurance company, commercial trust, or other similar institutional entity or organization. For the avoidance of doubt, an Institutional Investor is not a Retail Investor.

1.1.26 "Interest" or "Percentage Interest" means the allocable interest of each Member in the income, gain, loss, deduction or credit of the Company, as set forth in the Register, subject to the Preferred Allocation schedule contained in ***Exhibit "3".***

1.1.27 "IRR" means internal rate of return, meaning the percentage rate earned on each dollar invested for each period it is invested. The Company will calculate the internal rate of return using the Excel IRR function, or similar function and/or software.

1.1.28 "Loan Guarantor Fee" means a fee equal to one percent (1%) of the total loan amount paid to loan guarantors at the inception of each loan.

1.1.29 "Manager" means the Persons who is elected as Manager of the Company pursuant to Section 4.6 of this Agreement. The initial Manager(s) shall be SW Opportunity Fund MGR, LLC.

1.1.30 "Member" means any Person who (i) is one of the original Members of the Company which are parties to this Agreement and listed as such in the Register, or (ii) has been admitted to the Company as a Member in accordance with the Act and this Agreement, and (iii) has not ceased to be a Member for any reason.

1.1.31 "Net Capital Proceeds" means, the excess of sale or refinance revenue, over sales or refinance costs and fees, including but not limited to repayment of debt, sales commissions, sales fees, establishment of necessary Reserves, cash expenditures incurred incident to the sales process, refinance/origination fees, broker fees,

and any other cash expenditures incurred in the sale or refinance of the Properties. Any reserves returned to the Company by any lending institution or any other source may be considered a Capital Transaction Event and part of Net Capital Proceeds in the Manager's sole discretion.

1.1.32 "Net Cash Flow" means, the excess of all cash revenues of the Company relating to the direct or indirect ownership and operations of the Properties other than revenue attributable to a Capital Transaction Event, over operating expenses and other expenditures for such fiscal period, including but not limited to principal and interest payments on indebtedness of the Company, other sums paid to lenders, Property Management Fee, and cash expenditures incurred incident to the normal operation of the Company's business, decreased by (i) any amounts added to Reserves during such fiscal period and (ii) the Asset Management Fee, and increased by (i) the amount (if any) of all allowances for cost recovery, amortization or depreciation with respect to property of the Company for such fiscal period, and (ii) any amounts withdrawn from Reserves during such fiscal period.

1.1.33 "Offering" means the exempt securities offering that the Company is offering to Class A Members to purchase the Properties.

1.1.34 "Person" means a natural person or any partnership (whether general or limited and whether domestic or foreign), limited liability company, foreign limited liability company, limited life company, limited duration company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity or any other entity.

1.1.35 "Preferred Allocation" means the preferred allocation provided to the Members as outlined in ***Exhibit "3"***.

1.1.36 "Preferred Return"

(a) As it relates to Class A-1 Members, means a non-compounded per annum return of eight percent (8%) based on Class A-1 Members' Unrecovered Capital Contribution minus any return of capital from a Capital Transaction Event, if any. The Preferred Return shall be paid from Net Cash Flows on a quarterly basis. The Preferred Return is not guaranteed, meaning that the Preferred Return will not be paid in any particular quarter if the Company does not have sufficient capital available to pay it, as determined by the Net Cash Flow and/or Manager in its sole discretion. Any Preferred Return deficiencies will roll over to the following year. The Preferred Return allocation is on Net Cash Flow only and does not extend to Net Capital Proceeds although Preferred Return deficiencies that accrue may be distributed from Net Capital Proceeds. The Preferred Return will not begin accruing until four (4) months after a Class A-1 Member has subscribed to the Offering and tendered their Capital Contribution. Distributions will not begin until twelve (12) months after a Class A-1 Member has subscribed to the Offering and the Company receives their Capital Contribution.

(b) As it relates to Class A-2 Members, means a non-compounded per annum return of ten percent (10%) based on Class A-2 Members' Unrecovered Capital Contribution minus any return of capital from a Capital Transaction Event, if any. The Preferred Return shall be paid from Net Cash Flows on a quarterly basis. The Preferred Return is not guaranteed, meaning that the Preferred Return will not be paid in any particular quarter if the Company does not have sufficient capital available to pay it, as determined by the Net Cash Flow and/or Manager in its sole discretion. Any Preferred Return deficiencies will roll over to the following year. The Preferred Return allocation is on Net Cash Flow only and does not extend to Net Capital Proceeds although Preferred Return deficiencies that accrue may be distributed from Net Capital Proceeds. The Preferred Return will not begin accruing until four (4) months after a Class A-2 Member has subscribed to the Offering and tendered their Capital Contribution. Distributions will not begin until twelve (12) months after a Class A-2 Member has subscribed to the Offering and the Company receives their Capital Contribution.

1.1.37 "Property" or "Properties" means the multi-family properties in the Phoenix, Arizona MSA that the Company intends to purchase with the proceeds of this Offering based on the criteria established by the Manager, in its sole discretion, and the Company's ownership interests in the joint venture entities that will acquire, operate, and dispose of multi-family properties.

1.1.38 "Property Manager" means Arizona Investment & Management, LLC, an Affiliate of Sponsor, or a third-party property management company, as determined by the Manager in its sole discretion.

1.1.39 "Register" means the records maintained by the Manager setting forth, with respect to each Member, the name, address, amount of Capital Contribution, and Percent Interest, and class of each Member and such other information as the General Partner may deem necessary or desirable. The Register shall not be part of the Agreement. The Manager shall from time to time update the Register as the Manager shall deem necessary or advisable, including, without limitation, to reflect the admission of subsequent Members or increase in Percent Interest of Members. Subject to the terms of the Agreement, the Manager may take any action authorized hereunder in respect of the Register without any need to obtain the consent of any other Member. No action of any Member shall be required to amend or update the Register.

1.1.40 "Reserves" means the reasonable reserves established and maintained from time to time by the Manager, in amounts reasonably considered adequate and sufficient from time to time by the Manager to pay Prospective Investor distributions, taxes, fees, insurances or other costs and expenses incident to the Company's business.

1.1.41 "Retail Investor" means an individual or any entity invested in the Company for the purpose of benefiting an individual or small group of individuals including but not limited to LLCs, corporations, limited partnerships, trusts, IRAs, and 401Ks. For the avoidance of doubt, a Retail Investor is not an Institutional Investor.

1.1.42 "Single-Purpose Entity" means the Company will: (a) not engage in any business or activity, other than the ownership, operation and maintenance of the Property and activities incidental thereto; (b) not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Property as may be necessary for the operation of the Property and will conduct and operate its business as presently conducted and operated; (c) preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its formation or organization and will do all things necessary to observe organizational formalities; (d) not merge or consolidate with any other natural person or form of entity; (e) not take any action to dissolve, wind-up, terminate or liquidate in whole or in part; to sell, transfer or otherwise dispose of all or substantially all of its assets; issue additional partnership, membership or other equity interests, as applicable, or seek to accomplish any of the foregoing; and (f) not maintain its assets in a way difficult to segregate and identify.

1.1.43 "Tax Matters Member" has the meaning set forth in subsection 7.4.4 hereof.

1.1.44 "Unrecovered Capital Contribution" means a Class A Member's Capital Contributions minus any return of capital from Net Capital Proceeds at a refinance or sale of a Property. In this Offering, Sponsors have elected to treat quarterly distributions from Net Cash Flow as a return on investment and returns from Net Capital Proceeds at a refinance or sale of a Property as a return of capital.

1.1.45 "Vote" means one vote for every Percentage Interest and includes written consent.

Section 1.2 Forms of Pronouns; Number; Construction. Unless the context otherwise requires, as used in this Agreement, the singular number includes the plural and the plural number may include the singular. The use of any gender shall be applicable to all genders. Unless otherwise specified, references to Articles, Sections or subsections are to the Articles, Sections and subsections in this Agreement. Unless the context otherwise requires, the term "including" shall mean "including, without limitation."

ARTICLE 2
ORGANIZATION

Section 2.1 Formation. The Members have formed the Company as a limited liability company under and pursuant to the provisions of the Act. The Members hereby agree that the Company shall be governed by the terms and conditions of this Agreement.

Section 2.2 Name and Office. The name of the Company shall be SW Opportunity Fund IV, LLC. All business of the Company shall be conducted under such name and title, and all property, real, personal, or mixed, owned by or leased by the Company shall be held in such name or in the name of a wholly owned subsidiary, which may be created at the request of the lender or for asset protection purposes to protect investor funds. The principal mailing address of the Company shall be 6534 N. 27th Avenue, Phoenix, Arizona 85017. The Company may have offices and places of business as the Manager may from time to time designate.

Section 2.3 **Registered Agent**. The Company may have such offices and places of business as the Manager may from time to time designate. The name and address of the Company's registered agent shall be as set forth in the Company's Articles of Organization until such time as the registered office is changed by the Manager in accordance with the Act.

Section 2.4 **Purpose of the Company**. The Company is organized for the following objects and purposes:

> *"raise monies to enable the Company to purchase the Properties, and subsequently seek to increase the value and operate the Properties for a profit."*

It is understood that the foregoing statement of purposes shall not serve as a limitation on the powers or abilities of the Company, which shall be permitted to engage in any and all lawful business activities as shall be permitted under the laws of the State of Arizona and any other State the Manager deems in the best interest of the Company.

Section 2.5 **Filings**. The Manager has caused, or shall promptly cause, the execution and delivery of such documents and performance of such acts consistent with the terms of this Agreement as may be necessary to comply with the requirements of law for the formation, qualification and operation of a limited liability company under the laws of each jurisdiction in which the Company shall conduct business.

Section 2.6 **Effective Date; Term**. This Agreement shall be effective as of the date set forth in the preamble of this Agreement. The term of the Company commenced, and the Company commenced its business, on the date on which the Articles of Organization was filed with the Arizona Corporation Commission and shall continue in perpetuity, unless sooner terminated pursuant to the provisions hereof. The existence of the Company as a separate legal entity shall continue until the cancellation of the Articles of Organization.

ARTICLE 3
MEMBERS; LIMITED LIABILITY OF MEMBERS

Section 3.1 **Members**. Each of the parties to this Agreement (other than the initial Manager), and each Person admitted as a Member of the Company pursuant to the Act and Section 9.4 of this Agreement, shall be Members of the Company until they cease to be Members in accordance with the provisions of the Act, the Articles of Organization, or this Agreement. Upon the admission of any new Member, the Register shall be amended accordingly.

Section 3.2 **Limited Liability**. Except as expressly set forth in this Agreement or required by law, no Member shall be personally liable for any debt, obligation or liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Member of the Company.

Section 3.3 **Certificates Evidencing Interests**. The Company may issue to every Member of the Company a certificate signed by any Manager of the Company specifying the Interest of such Member, which signature may be a facsimile. If a certificate for registered interests

is worn out or lost it may be renewed on production of the worn-out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a resolution of the Manager.

Section 3.4 Classes of Members.

The Company shall consist of Class A-1, Class A-2, and Class B Members. Each such class of members shall have the rights, powers, duties, obligations, preferences and privileges set forth in this Agreement. The names of the Members shall be set forth in the Register, as amended from time to time. Any person may simultaneously hold more than one class of membership.

Section 3.5 Voting Rights.

3.5.1 Except as may otherwise be provided in this Agreement or the Act or the Articles of Organization, each of the Class A Members hereby waives his, her, or its right to vote on any matters, other than those set in Section 3.5.2 and Section 3.5.3 below. All other decisions will rest with the Manager, as outlined in Section 4.1 below.

3.5.2 Subject to the Act and the Articles of Organization, the affirmative vote of Members holding not less than a majority of the Percentage Interests of each class voting as a class represented and voting at a duly held meeting at which a quorum of each class is present (which Members voting affirmatively shall constitute at least a majority of the required quorum) shall be required to:

(a) approve any loan to any Manager or any guarantee of a Manager's obligations;

(b) amend this Agreement in such a way that would result in a negative change to the Preferred Allocation as outlined in the private placement memorandum found in Company's Offering documents or adversely affect the rights, or the interest in the capital, distributions, profits, or losses of any Class A Member as outlined in the Company's Offering documents, reviewed and executed contemporaneously with this Agreement.

3.5.3. Subject to the Act and the Articles of Organization, the affirmative vote of Members holding not less than a three-quarters majority of the Percentage Interests of the Company as a whole voting at a duly held meeting at which a quorum of each class is present shall be required to remove the Manager for cause pursuant to Section 4.6.2. below;

3.5.4 Unless a record date for voting purposes has been fixed as provided in Section 3.11 of this Agreement, only Persons whose names are listed as Members on the records of the Company at the close of business on the business day immediately preceding the day on which notice of the meeting is given or, if such notice is waived, at the close of business on the business day immediately preceding the day on which the meeting of Members is held (except that the record date for Members entitled to give consent to action without a meeting shall be determined in accordance with Section 3.11) shall be entitled to receive notice of and to vote at such meeting, and such day shall be the record date for such meeting. Any Member entitled to vote on any matter may cast part of the votes in favor of

the proposal and refrain from exercising the remaining votes or vote against the proposal (other than for election or removal of a Manager), but if the Member fails to specify the Interests such Member is voting affirmatively, it will be conclusively presumed that the Member's approving vote is with respect to all votes such Member is entitled to cast. Such vote may be a voice vote or by ballot; provided, however, that all votes for election or removal of a Manager must be by ballot upon demand made by a Member at any meeting at which such election or removal is to be considered and before the voting begins.

3.5.5 Without limiting the preceding provisions of this Section 3.5, no Person shall be entitled to exercise any voting rights as a Member until such Person (i) shall have been admitted as a Member pursuant to Section 9.4, and (ii) shall have paid the Capital Contribution of such Person in accordance with Section 6.1.

Section 3.6 Place of Meetings. All meetings of the Members shall be held at any place within or without the State of Arizona that may be designated by the Manager. In the absence of such designation, Members' meetings shall be held at the principal executive office of the Company.

Section 3.7 Meetings of Members. Annual meeting of Members shall not be required. Meetings of the Members for the purpose of taking any action permitted to be taken by the Members may be called by the Manager, or by Members entitled to cast not less than seventy percent (70%) of the votes at the meeting. Upon request in writing that a meeting of Members be called for any proper purpose, the Manager forthwith shall cause notice to be given to the Members entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than ten (10) nor more than sixty (60) days after receipt of the request. Except in special cases where other express provision is made by statute, written notice of such meetings shall be given to each Member entitled to vote not less than ten (10) nor more than sixty (60) days before the meeting. Such notices shall state:

3.7.1 The place, date and hour of the meeting; and

3.7.2 Those matters which the Manager, at the time of the mailing of the notice, intends to present for action by the Members.

Section 3.8 Quorum. The presence at any meeting in person or by proxy of Members holding not less than a majority of the Interests of the class or classes entitled to vote at such meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the votes required to constitute a quorum.

Section 3.9 Waiver of Notice. The actions of any meeting of Members, however called and noticed, and wherever held, shall be as valid as if taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice, consent or approval need not specify either the business to be transacted or the

purpose of any regular or special meeting of Members, except that if action is taken or proposed to be taken for approval of any of those matters specified in subsections 3.5.2 – 3.5.3 of this Agreement, the waiver of notice, consent or approval shall state the general nature of such proposal. All such waivers, consents or approvals shall be filed with the Company's records and made a part of the minutes of the meeting. Attendance of a Member at a meeting shall also constitute a waiver of notice of and presence at such meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice but not so included, if such objection is expressly made at the meeting.

Section 3.10 Action by Members Without a Meeting. The Manager may be elected or removed without a meeting by a consent in writing, setting forth the action so taken, signed by Members having not less than the minimum number of votes that would be necessary to elect or remove such Manager in accordance with Section 4.6; in addition, a Manager may be elected at any time to fill a vacancy by a written consent signed by Class B Member having not less than the minimum number of votes that would be necessary to elect such Manager in accordance with Section 4.6. Notice of such election shall be promptly given to non-consenting Members.

Any other action which, under any provision of the Act or the Articles of Organization or this Agreement, may be taken at a meeting of the Members, may be taken without a meeting, and without notice except as hereinafter set forth, if a consent in writing, setting forth the action so taken, is signed by Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. All such consents shall be filed with the secretary of the Company and shall be maintained in the Company's records. Unless the consents of all Members entitled to vote have been solicited in writing, then (i) notice of any proposed Member approval of any of the matters set forth in subsection 3.5.2 without a meeting by less than unanimous written consent shall be given to those Members entitled to vote who have not consented in writing at least five (5) days before the consummation of the action authorized by such approval, and (ii) prompt notice shall be given of the taking of any other action approved by Members without a meeting by less than unanimous written consent to those Members entitled to vote who have not consented in writing.

Any Member giving a written consent, or the Member's proxy-holders, or a personal representative of the Member or their respective proxy-holders, may revoke the consent by a writing received by the secretary prior to the time that written consents of the number of votes required to authorize the proposed action have been filed with the secretary, but may not do so thereafter. Such revocation is effective upon its receipt by the secretary or, if there shall be no person then holding such office, upon its receipt by any other officer or Manager of the Company.

Section 3.11 Record Date. The Manager or, if there are no Manager then in office, the Members may fix a time in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members or entitled to give consent to action by the Company in writing without a meeting, to receive any report, to receive any dividend or distribution, or any allotment of rights, or to exercise rights with respect to any change, conversion or exchange of interests. The record date so fixed shall be not more than sixty (60) days nor less

than ten (10) days prior to the date of any meeting, nor more than sixty (60) days prior to any other event for the purposes of which it is fixed. When a record date is so fixed, only Members of record at the close of business on that date are entitled to notice of and to vote at any such meeting, to give consent without a meeting, to receive any report, to receive a dividend, distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any interests on the books of the Company after the record date, except as otherwise provided by statute or in the Articles of Organization or this Agreement.

If the Manager or the Members, as the case may be, do not so fix a record date, then (i) the record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day immediately preceding the day on which notice is given or, if notice is waived, at the close of business on the business day immediately preceding the day on which the meeting is held, and (ii) the record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given

Section 3.12 Members May Participate in Other Activities. Each Member of the Company, either individually or with others, shall have the right to participate in other business ventures of every kind, whether or not such other business ventures compete with the Company. No Member, acting in the capacity of a Member, shall be obligated to offer to the Company or to the other Members any opportunity to participate in any such other business venture. Neither the Company nor the other Members shall have any right to any income or profit derived from any such other business venture of a Member or affiliate entity.

Section 3.13 Members Are Not Agents. Pursuant to Section 4.1 of this Agreement, the management of the Company is vested in the Manager. The Members shall have no power to participate in the management of the Company except as expressly authorized by the Act, this Agreement or the Articles of Organization. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by the Manager, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

Section 3.14 Transactions of Members with the Company. Subject to any limitations set forth in this Agreement and with the prior approval of the Manager, a Member may lend money to and transact other business with the Company. Subject to other applicable law, such Member has the same rights and obligations with respect thereto as a Person who is not a Member.

ARTICLE 4
MANAGEMENT OF THE COMPANY

Section 4.1 Management and Operations. Subject to the provisions of the Act and any limitations in the Articles of Organization and this Agreement as to action required to be authorized or approved by the Members, the business and affairs of the Company shall be managed and all its powers shall be exercised by or under the direction of the Manager which shall run the day-to day operations and conduct, manage and control the business and affairs of the Company and to make such rules and regulations therefor not inconsistent with law or with the Articles of Organization or with this Agreement, and to make all other arrangements and do all things which

are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

Section 4.2 Duties and Conflicts.

(a) The Manager shall devote such time to the Company's business as it, in its sole discretion, may deem to be necessary or desirable in connection with the Manager's responsibilities and duties hereunder.

(b) The Manager shall not be liable to the Company or any Member for action or inaction taken in good faith for a purpose that was reasonably believed to be in the best interests of the Company; for losses due to such action or inaction; or for the negligence, dishonesty or bad faith of any employee, broker or other agent of the Company, provided that such employee, broker or agent was selected, engaged or retained with reasonable care. The Manager may consult with counsel and accountants on matters relating to the Company and shall be fully protected and justified in acting in accordance with the advice of counsel or accountants, provided that such counsel or accountants shall have been selected with reasonable care. Notwithstanding any of the foregoing to the contrary, the provisions of this Section 4.2 shall not be construed so as to relieve (or attempt to relieve) any person of any liability incurred (a) as a result of recklessness or intentional wrongdoing, or (b) to the extent that such liability may not be waived, modified or limited under applicable law.

(c) Except as otherwise provided herein, the Manager shall have no duty or obligation to consult with or seek the advice of the Members.

Section 4.3 Agency Authority of Manager. If more than one Manager holds office, then any of them shall be authorized to sign checks, contracts and obligations on behalf of the Company. Any Manager, acting alone, is authorized to endorse checks, drafts and other evidences of indebtedness made payable to the order of the Company, but only for the purpose of deposit into the Company's accounts.

Section 4.4 Limited Liability. Except as expressly set forth in this Agreement or required by law, no Manager shall be personally liable for any debt, obligation, or liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Manager of the Company.

Section 4.5 Number and Qualifications of Managers. The authorized number of managers that shall constitute the managers shall be not less than one (1) nor more than three (3). Subject to the provisions of the Act, any limitations set forth in this Agreement (including the terms of Section 2.4 hereof) and any limitations in the Articles of Organization, the authorized number of managers may be changed from time to time by the Manager. The exact number of managers shall be fixed from time to time, within the limits specified in this Section 4.5, by the managers then in office. The number of managers comprising the managers shall initially be one (1). A Manager may, but need not, be Members of the Company.

Section 4.6 Election and Removal of Manager.

4.6.1 The Manager shall be elected by the vote of Members holding not less than a majority of the Class B Interests pursuant to Section 3.10 of this Agreement.

Except as otherwise provided by the Act or the Articles of Organization, each Manager, including a Manager elected to fill a vacancy, shall hold office until such Manager's death, Bankruptcy, mental incompetence, resignation or removal.

4.6.2 Any Manager may be removed for Cause upon the vote of not less than a three-quarters majority of the Percentage Interests of the Company as a whole. In the event of removal for Cause, the removal shall be effective sixty (60) days following the vote. For purposes of removal of a Manager, "for Cause" shall mean any of the following:

(a) A Manager is declared insolvent or bankrupt, or makes an assignment for the benefit of creditors, or a receiver is appointed or any proceeding is demanded by, for or against the other under any provision of the Federal Bankruptcy Act or any amendment thereof which is not removed within sixty (60) days after notice from the Company;

(b) The willful and continued failure of a Manager to substantially perform that party's customary duties (other than due to such party's death or incapacity due to physical or mental illness), the reckless disregard of the performance of such party's duties, or the willful engaging by the breaching party in gross misconduct which is materially injurious to the other party, monetarily or otherwise;

(c) If an individual, the inability of a Manager to perform his duties hereunder by reason of illness, or physical or mental incapacity of any kind, for a period of more than sixty (60) days. If disputed by the Manager, the Manager shall submit to a medical examination by a qualified medical doctor selected by the Company to determine the Manager's ability to perform his duties; or

(d) Any actions by a Manager causing or resulting in either of the following:

(1) Conviction, whether as a result of a guilty plea, a plea of nolo contendere or a verdict of guilty, of a felony, or of any criminal offense involving moral turpitude such as rape, statutory rape, fraud, embezzlement, gross sexual imposition, theft or offenses of similar import; or

(2) Misrepresentation or false, misleading, inaccurate statements of material facts in connection with the rendering of services as a Manager.

Section 4.7 Vacancies; Resignations.

4.7.1 A vacancy shall be deemed to exist in case of the death, Bankruptcy, mental incompetence, resignation or removal of any Manager, if the authorized number of managers be increased, or if the Members fail, at any meeting of the Members at which any manager or managers are to be elected, to elect the full authorized number of managers to be voted for at that meeting.

4.7.2 All Manager vacancies shall be filled by majority Class B Member Vote.

4.7.3 Any Manager may resign effective upon giving thirty (30) days' written notice to the Members of the Company, unless the notice specifies a later time for the effectiveness of such resignation. A majority of the other managers then in office, or failing such action the Members, shall have power to elect a successor to take office when the resignation is to become effective.

Section 4.8 Initial Manager. The name of the initial Manager(s) to hold office from and after the date of this Agreement, is SW Opportunity Fund MGR, LLC.

Section 4.9 Managers May Engage in Other Activities. The Manager shall have the right to participate in other business ventures of every kind, whether or not such other business ventures compete with the Company. The Manager shall not be obligated to offer to the Company or to Members any opportunity to participate in any such other business venture, nor shall the Manager be obligated to obtain permission of the Members in order to engage in other activities. Neither the Company nor the Members shall have any right to any income or profit derived from any such other business venture of Manager.

Section 4.10 Transactions of Managers with the Company. Subject to any limitations set forth in this Agreement, Manager may lend money to and transact other business with the Company. Subject to other applicable law, such Manager has the same rights and obligations with respect thereto as a Person who is not a Member or Manager.

Section 4.11 Compensation of Manager. The Manager shall be reimbursed for any direct funds or expenses advanced by it prior to or after formation of the Company to the extent that such expenses are incurred or paid directly on behalf of the Company.

The Manager and its Affiliates shall be entitled to collect the following fees:

(a) The Acquisition Fee.

(b) The Asset Management Fee.

(c) The Loan Guarantor Fee.

(d) Arizona Investment & Management, LLC, an Affiliate of Manager, will be hired as the Property Manager for the Properties and will be compensated with a property management fee in line with market rates.

As noted in ***Exhibit "3"***, Class B Members, Affiliates of Sponsor(s), will also participate in the distribution of Net Cash Flow and Net Capital Proceeds The Manager, and/or its Affiliates, may collect fees and/or carried interest at the joint venture or sub-syndication levels outside of the Company.

ARTICLE 5
INTERESTS

Section 5.1 **Interests**. The Interest of each Member in the Company shall be as set forth in the Register, subject to the Preferred Allocation schedule contained in ***Exhibit "3."***

Section 5.2 **Capital Accounts**. A Capital Account shall be maintained for each Member on the books of the Company. Each Member's Capital Account shall be credited with the amount of any capital contribution made by such Member pursuant to Sections 6.1 and 6.4, and shall be adjusted appropriately to take into account all items of income, gain, loss or deduction allocated to each Member pursuant to Article 7 hereof and all distributions to each Member pursuant to Article 8 hereof. A single Capital Account shall be maintained for each Member (regardless of the class of Interests owned by such Member and regardless of the time or manner in which such Interests were acquired) in accordance with the capital accounting rules of Section 704(b) of the Code and the regulations thereunder (including without limitation Section 1.704-1(b)(2)(iv) of the Income Tax Regulations). In general, under such rules, a Member's Capital Account shall be:

(a) increased by (i) the amount of money contributed by the Member to the Company (including the amount of any Company liabilities that are assumed by such Member other than in connection with distribution of Company property), (ii) the fair market value of property contributed by the Member to the Company (net of liabilities secured by such contributed property that under Section 752 of the Code the Company is considered to assume or take subject to), and (iii) allocations to the Member of Company income and gain (or item thereof), including income and gain exempt from tax; and

(b) decreased by (i) the amount of Net Capital Proceeds distributed to the Member by the Company (including the amount of such Member's individual liabilities that are assumed by the Company other than in connection with contribution of property to the Company), (ii) the fair market value of property distributed to the Member by the Company (net of liabilities secured by such distributed property that under Section 752 of the Code such Member is considered to assume or take subject to), (iii) allocations to the Member of expenditures of the Company not deductible in computing its taxable income and not properly chargeable to capital account, and (iv) allocations to the Member of Company loss and deduction (or item thereof).

(c) Where Section 704(c) of the Code applies to Company property or where Company property is revalued pursuant to paragraph (b)(2)(iv)(t) of Section 1.704-1 of the Income Tax Regulations, each Member's Capital Account shall be adjusted in accordance with paragraph (b)(2)(iv)(g) of Section 1.704-1 of the Income Tax Regulations as to allocations to the Members of depreciation, depletion, amortization and gain or loss, as computed for book purposes with respect to such property.

(d) When Company property is distributed in kind (whether in connection with liquidation and dissolution or otherwise), the Capital Accounts of the Members shall first be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such property (that has not been reflected in the Capital Account previously) would be allocated among the Members if there were a taxable disposition of such property for the fair market value of such property (taking into account Section 7701(g) of the Code) on the date of distribution.

(e) The Manager shall direct the Company's accountants to make all necessary adjustments in each Member's Capital Account as required by the capital accounting rules of Section 704(b) of the Code and the regulations thereunder.

Section 5.3 Return of Capital. No Member shall be liable for the return of the capital contributions (or any portion thereof) of any other Member, it being expressly understood that any such return shall be made solely from the assets of the Company. No Member shall be entitled to withdraw any part of such Member's Capital Contributions or Capital Account, to receive interest on such Member's Capital Contributions or Capital Account or to receive any distributions from the Company, except as expressly provided for in this Agreement or under the Act as then in effect.

Section 5.4 Liability. Except as otherwise provided by the Act or this Agreement, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member. Except as otherwise expressly required by law, a Member, in such Member's capacity as such, shall have no liability in excess of (i) such Member's Capital Account and share of any undistributed profits of the Company, (ii) such Member's obligations to make other payments pursuant to the obligation to make capital contributions to the Company hereunder which shall be an obligation strictly among and enforceable by the Members, and no third party shall be a third-party beneficiary thereof, and (iii) the amount of any distributions wrongfully distributed to such Member.

ARTICLE 6
CAPITAL CONTRIBUTIONS, WITHDRAWALS AND LOANS

Section 6.1 Initial Capital Contributions. Each Member shall make the initial capital contributions to the Company (each, an "***Initial Capital Contribution***"), in accordance with the amounts set forth in the Register, as amended from time to time. Upon the making of such contributions, such amounts shall be credited to the Members' respective Capital Accounts. Each Member understands and assumes the risk of investing in the Company and shall be without recourse, including against the Company's assets, should he lose his investment. The Manager shall have discretion as to the date at which the subscriptions for Class A Interests shall be closed.

Section 6.2 Non-Member Loans to the Company. The Company may obtain such further funds as it requires for its operations from sources and on terms, which are acceptable to the Manager, subject to the restrictions herein contained. Neither the Company nor any Member shall have any personal liability as a result of any such borrowing unless any of the Members shall

agree in writing to be personally liable. Notwithstanding the foregoing, the Company shall not acquire funds pursuant to this Section 6.2 as long as any obligations under the Loan (as defined in that certain Loan Agreement by and between the Company and the lender) remain outstanding.

Section 6.3 Member Loans to the Company. In the event that the Company shall require funds in order to carry out the purposes of the Company and such funds shall not be available from either prior capital contributions of the Members or the proceeds of a third-party loan to the Company, then with consent of the Manager and subject to the restrictions hereof, any Member may, but shall not be required to, loan to the Company such required funds. In the event such a loan is made, the same shall not be considered an increase in the Member's Capital Account or an increase in such Member's share of the profits. Each such loan shall be without recourse and shall be upon such terms as shall be agreed to by the lending Member and shall be evidenced by a promissory note duly executed by the Manager on behalf of the Company and delivered to the lending Member.

Section 6.4 Additional Capital Contributions.

6.4.1 If the Manager at any time or from time to time determines that the Company requires additional Capital Contributions, then the Manager shall give notice to each Member of (i) the total amount of additional Capital Contributions required, (ii) the reason the additional Capital Contribution is required, (iii) each Member's proportionate share of the total additional Capital Contribution (determined in accordance with this Section), and (iv) the date each Member's additional Capital Contribution is due and payable, which date shall be no less than ten (10) days after the notice has been given. A Member's share of the total additional Capital Contribution shall be equal to the product obtained by multiplying the Member's Percentage Interest and the total additional Capital Contribution required. Each Member's share of the additional Capital Contribution shall be payable in cash or by certified check, or wire transfer.

6.4.2 Notwithstanding anything herein to the contrary, no Member shall be required to make any Additional Capital Contribution to the Company.

6.4.3 If a Member fails to pay when due all or any portion of any additional Capital Contribution required under Section 6.4.1 (each, a "Non-Contributing Member"), then each Member other than any Non-Contributing Member (each, a "Contributing Member") shall have the right, but not the obligation, to contribute to the Company (in addition to its initial pro rata share of the additional Capital Contribution) its pro rata portion of those amounts that the Non-Contributing Member fails to contribute (the "Remaining Contribution"), and the Manager shall have the right to re-allocate the Percentage Interests based on the then Capital Contributions made by the Contributing Members and Non-Contributing Members.

6.4.4 Each Member shall receive a credit to his/her/its Capital Account in the amount of any additional Capital Contribution which he/she/it makes to the Company and shall receive such other rights as have been approved by the Manager in connection with such additional Capital Contribution in accordance with the terms of this Agreement.

6.4.5 Immediately following any additional Capital Contribution, the Percentage Interests of the Members may be adjusted if the Manager determines that the Percentage Interests of the Members are to be altered as a result of the additional Capital Contribution, the Register shall be revised to reflect any such additional Capital Contribution and any such adjustment of the Percentage Interests of the Members. Any revision of the Register in accordance with the preceding sentence shall require only the consent of the Manager (and not any consent of the Members).

6.4.6 In the event any Remaining Contribution is not fully satisfied by additional Capital Contributions of the Contributing Members, the Manager may, but shall not be required to, contribute to the Company the amount required to satisfy the Remaining Contribution as a loan (a "Contribution Loan") to the Non-Contributing Member. The Manager shall have the option of obtaining a third-party loan or using its own funds to fund the proceeds for any such Contribution Loan. Such Contribution Loan shall not be treated as a Capital Contribution by the Manager or entitle the Manager to a Percentage Interest. The Contribution Loan (or Contribution Loans if more than one), shall each be deemed a loan owing by the Non-Contributing Member to the Manager, as applicable. The Contribution Loan shall be repayable only out of the Net Cash Flow and/or Net Capital Proceeds otherwise distributable to the Non-Contributing Member which shall be paid directly to the Manager, as the case may be and, if more than one, then in proportion to the amounts of their Contribution Loans, until such Manager's Contribution Loan or Contribution Loans, as the case may be, and accrued and unpaid interest thereon have been paid in full. The Contribution Loan shall bear interest at lower of 15% per annum or the maximum rate permitted by law.

ARTICLE 7
ALLOCATION OF PROFITS AND LOSSES; TAX AND ACCOUNTING MATTERS

Section 7.1 Allocations. Each Member's distributive share of income, gain, loss, deduction or credit (or items thereof) of the Company as shown on the annual federal income tax return prepared by the Company's accountants or as finally determined by the United States Internal Revenue Service or the courts, and as modified by the capital accounting rules of Section 704(b) of the Code and the Income Tax Regulations thereunder, as applicable, shall be determined as follows:

7.1.1 Allocations. Except as otherwise provided in this Section 7.1:

(a) items of income, loss, deduction or credit (or items thereof) shall be first allocated among the Members in accordance with the Preferred Allocation outlined in ***Exhibit "3"***. Except that items of loss or deduction allocated to any Member pursuant to this Section 7.1 with respect to any taxable year shall not exceed the maximum amount of such items that can be so allocated without causing such Member to have a deficit balance in his, hers, or its Capital Account at the end of such year, computed in accordance with the rules of paragraph (b)(2)(ii)(d) of Section 1.704-1 of the Income Tax Regulations. Any such items of loss or deduction in excess of the limitation set forth in the preceding sentence shall be allocated as follows and in the following order of priority:

(1) first, to those Members who would not be subject to such limitation, in proportion to their Percentage Interests; and

(2) second, any remaining amount to the Members in the manner required by the Code and Income Tax Regulations.

(b) items of income and gain (or items thereof) shall be first allocated to the Members in the same manner that losses were allocated pursuant to Section 7.1.1 (a) in order to reverse any loss allocations.

Subject to the provisions of subsections 7.1.2 – 7.1.11, inclusive, of this Agreement, the items specified in this Section 7.1 shall be allocated to the Members as necessary to eliminate any deficit Capital Account balances and thereafter to bring the relationship among the Members' positive Capital Account balances in accord with their pro rata interests.

7.1.2 Allocations With Respect to Property. Solely for tax purposes, in determining each Member's allocable share of the taxable income or loss of the Company, depreciation, depletion, amortization and gain or loss with respect to any contributed property, or with respect to revalued property where the Company's property is revalued pursuant to paragraph (b)(2)(iv)(f) of Section 1.704-1 of the Income Tax Regulations, shall be allocated to the Members in the manner (as to revaluations, in the same manner as) provided in Section 704(c) of the Code. The allocation shall take into account, to the full extent required or permitted by the Code, the difference between the adjusted basis of the property to the Member contributing it (or, with respect to property which has been revalued, the adjusted basis of the property to the Company) and the fair market value of the property determined by the Members at the time of its contribution or revaluation, as the case may be.

7.1.3 Minimum Gain Chargeback. Notwithstanding anything to the contrary in this Section 7.1, if there is a net decrease in Company Minimum Gain or Company Nonrecourse Debt Minimum Gain (as such terms are defined in Sections 1.704-2(b) and 1.704-2(i)(2) of the Income Tax Regulations, but substituting the term "Company" for the term "Partnership" as the context requires) during a Company taxable year, then each Member shall be allocated items of Company income and gain for such year (and, if necessary, for subsequent years) in the manner provided in Section 1.704-2 of the Income Tax Regulations. This provision is intended to be a "minimum gain chargeback" within the meaning of Sections 1.704-2(f) and 1.704-2(i)(4) of the Income Tax Regulations and shall be interpreted and implemented as therein provided.

7.1.4 Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Treasury Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate the deficit balance in his Capital Account created by such adjustments, allocations or distributions as promptly as possible; *provided* that an allocation pursuant to this Section 7.1.4 shall be made only if and to the extent that a Member would have such a

deficit balance after all other allocations provided for in this Article have been tentatively made as if this Section 7.1.4 were not in the Agreement.

7.1.5 Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any taxable year which is in excess of the sum of (i) the amount such Member is obligated to restore, if any, pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Treasury Regulations, each such Member shall be specially allocated items of partnership income and gain in the amount of such excess as quickly as possible; *provided* that an allocation pursuant to this Section 7.1.5 shall be made only if and to the extent that a Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article have been tentatively made as if Section 7.1.4 and this Section 7.1.5 were not in this Agreement.

7.1.6 Depreciation Recapture. Subject to the provisions of Section 704(c) of the Code and subsections 7.1.2 – 7.1.4, inclusive of this Agreement, gain recognized (or deemed recognized under the provisions hereof) upon the sale or other disposition of Company property, which is subject to depreciation recapture, shall be allocated to the Member who was entitled to deduct such depreciation.

7.1.7 Loans. If and to the extent any Member is deemed to recognize income as a result of any loans pursuant to the rules of Sections 1272, 1273, 1274, 7872 or 482 of the Code, or any similar provision now or hereafter in effect, any corresponding resulting deduction of the Company shall be allocated to the Member who is charged with the income. Subject to the provisions of Section 704(c) of the Code and subsections 7.1.2 – 7.1.4, inclusive, of this Agreement, if and to the extent the Company is deemed to recognize income as a result of any loans pursuant to the rules of Sections 1272, 1273, 1274, 7872 or 482 of the Code, or any similar provision now or hereafter in effect, such income shall be allocated to the Member who is entitled to any corresponding resulting deduction.

7.1.8 Tax Credits. Tax credits shall generally be allocated according to Section 1.704-1(b)(4)(ii) of the Income Tax Regulations or as otherwise provided by law. Investment tax credits with respect to any property shall be allocated to the Members pro rata in accordance with the manner in which Company profits are allocated to the Members under subsection 7.1.1 hereof, as of the time such property is placed in service. Recapture of any investment tax credit required by Section 47 of the Code shall be allocated to the Members in the same proportion in which such investment tax credit was allocated.

7.1.9 Change of Pro Rata Interests. Except as provided in subsections 7.1.6 and 7.1.7 hereof or as otherwise required by law, if the proportionate interests of the Members in the Company are changed during any taxable year, all items to be allocated to the Members for such entire taxable year shall be prorated on the basis of the portion of such taxable year which precedes each such change and the portion of such taxable year on and after each such change according to the number of days in each such portion, and the items so allocated for each such portion shall be allocated to the Members in the manner

in which such items are allocated as provided in section 7.1.1 during each such portion of the taxable year in question.

7.1.10 Effect of Special Allocations on Subsequent Allocations. Any special allocation of income or gain pursuant to subsections 7.1.3 or 7.1.4 hereof shall be taken into account in computing subsequent allocations of income and gain pursuant to this Section 7.1 so that the net amount of all such allocations to each Member shall, to the extent possible, be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Section 7.1 if such special allocations of income or gain under subsection 7.1.3 or 7.1.4 hereof had not occurred.

7.1.11 Nonrecourse and Recourse Debt. Items of deduction and loss attributable to Member nonrecourse debt within the meaning of Section 1.7042(b)(4) of the Income Tax Regulations shall be allocated to the Members bearing the economic risk of loss with respect to such debt in accordance with Section 1704-2(i)(l) of the Income Tax Regulations. Items of deduction and loss attributable to recourse liabilities of the Company, within the meaning of Section 1.752-2 of the Income Tax Regulations, shall be allocated among the Members in accordance with the ratio in which the Members share the economic risk of loss for such liabilities.

7.1.12 State and Local Items. Items of income, gain, loss, deduction, credit and tax preference for state and local income tax purposes shall be allocated to and among the Members in a manner consistent with the allocation of such items for federal income tax purposes in accordance with the foregoing provisions of this Section 7.1.

Section 7.2 Accounting Matters. The Manager shall cause to be maintained complete books and records accurately reflecting the accounts, business and transactions of the Company on a calendar-year basis and using such cash, accrual, or hybrid method of accounting as in the judgment of the Manager is most appropriate; provided, however, that books and records with respect to the Company's Capital Accounts and allocations of income, gain, loss, deduction or credit (or item thereof) shall be kept under U.S. federal income tax accounting principles as applied to partnerships.

Section 7.3 Fiscal Year. The Company's fiscal year shall begin on January 1st and end on December 31st. The Manager may at any time elect a different fiscal year if permitted by the Code and applicable regulations of the United States Treasury.

Section 7.4 Tax Status and Returns.

7.4.1 The Company shall file as a partnership for Federal income tax purposes. Any provision hereof to the contrary notwithstanding, solely for United States federal income tax purposes, each of the Members hereby recognizes that the Company may be subject to the provisions of Subchapter K of Chapter 1 of Subtitle A of the Code; provided, however, the filing of U.S. Partnership Returns of Income shall not be construed to extend the purposes of the Company or expand the obligations or liabilities of the Members.

7.4.2 The Manager shall prepare or cause to be prepared all tax returns and statements, if any, that must be filed on behalf of the Company with any taxing authority, and shall make timely filing thereof. Within ninety (90) days after the end of each calendar year, the Manager shall prepare or cause to be prepared and delivered to each Member a report setting forth in reasonable detail the information with respect to the Company during such calendar year reasonably required to enable each Member to prepare such Member's federal, state and local income tax returns in accordance with applicable law then prevailing.

7.4.3 Quarterly financial statements (including a "Balance Sheet" and "Income Statement") shall be provided to all Members within 30 days from the end of the reporting quarter. Distribution of quarterly reports by the Manager will begin at the end of the month after 90 days following the close of an acquisition of the property to which the reports pertain. The Manager is not required to have the financial statements audited, reviewed or compiled. The financial statements are not required to use GAAP accounting.

7.4.4 Unless otherwise provided by the Code or the Income Tax Regulations thereunder, George Drew Gibson III shall be the "Partnership Representative," as such term is used in Code Section 6223 (the "Partnership Representative"). George Drew Gibson III shall make all decisions for the Company relating to tax matters including, without limitation, whether to make any tax elections (including the election under Section 754 of the Code), the positions to be taken on the Company's tax returns and the settlement, further contest or litigation of any audit matters raised by the Internal Revenue Service or any other taxing authority.

7.4.5 The Tax Matters Member shall be the "Partnership Representative" for U.S. federal income tax purposes.

(a) The Partnership Representative shall have all of the authority, duties and responsibilities as set forth in Code §§ 6221 – 6241 and the regulations thereunder (the "Partnership Audit Rules") including but not limited to elections related to an audit; matters arising from the audit; the audit proceedings, including receiving notices of the commencement of an audit and requests for information; providing information to the IRS with regards to the audit; meeting with IRS personnel to discuss and settle the audit; extending the statute of limitations for the Members and the Company; binding the Company and the Members to a settlement with respect to the audit matters; electing not to contest the notice of final Company adjustments in court or to contest all or any portion of the matter in court and to choose the court forum; filing an election out; making decisions regarding the payment of the imputed underpayment; making a push-out election; entering into a closing agreement with the IRS; requesting multiple imputed underpayments; filing an Administrative Adjustment Request (AAR); and deciding whether to settle with IRS appeals or to settle litigation and whether to appeal an adverse court decision.

(b) The Partnership Representative must accept such appointment in writing if desired by the Manager and provide a written confirmation to the partnership that it satisfies the substantial presence requirement of Code §

6223(a) and the regulations thereunder. A Partnership Representative shall serve until his, her, or its death, resignation, incapacity, bankruptcy, revocation/removal, or a determination by the Internal Revenue Service that the designation is not effective.

(c) The Partnership Representative, may with the consent of the Manager, timely file such election forms, statements and other information required by the Partnership Audit Rule to make the push-out election, as provided in Code Section 6226.

(d) Resignation. A Partnership Representative may resign at any time by giving written notice to the Manager. The resignation of the Partnership Representative shall take effect upon the appointment of a successor Partnership Representative or at such other time agreed upon by the Manager. The resigning Partnership Representative shall follow the directions of the Manager in connection with the appointment of a successor Partnership Representative and the filing of such statements, forms and other document with the IRS as required by the Partnership Audit Rules. Notwithstanding the foregoing, in the event such resignation is not effective for purposes of the Partnership Audit Rules, the resigning Partnership Representative shall take any and all actions and sign and deliver any and all documents, instruments, elections and agreement as directed by the Manager until such resignation is effective for purposes of the Partnership Audit Rules.

(e) Revocation of Designation. The designation of Partnership Representative may be revoked with or without cause by a written notice from the Manager. The Partnership Representative whose designation has been revoked shall follow the directions of the Manager in connection with the appointment of a successor Partnership Representative and the filing of such statements, forms and other document with the IRS as required by the Partnership Audit Rules. Notwithstanding the foregoing, in the event such revocation is not effective for purposes of the Partnership Audit Rules and in any event prior to the effective appointment of a successor, the Partnership Representative whose designation has been revoked shall take any and all actions and sign and deliver any and all documents, instruments, elections and agreement as directed by the Manager until such revocation is effective for purposes of the Partnership Audit Rules.

(f) Vacancies. If there is a vacancy in the position of Partnership Representative, a successor Partnership Representative shall be designated by the Manager.

(g) Compensation. The Partnership Representative may receive reasonable compensation for the services rendered, to be determined by the Manager.

(h) Costs, Expenses and Professional Fees. The Company shall reimburse the Partnership Representative for all costs and expenses reasonably

incurred in connection with his/her/its actions under the Partnership Audit Rules. The Partnership Representative is hereby authorized to engage professionals, experts and advisors in connection with its performance of its duties under the Partnership Audit Rules and incur costs, expenses, professional and other fee on behalf of the Company. The Partnership Representative shall obtain approval of the Manager in advance of incurring any expense in excess of $10,000 in connection with the engaging professionals, experts, advisors, audits, appeal, and litigation through all appeals.

(i) Standard of Care. The Partnership Representative shall act in good faith and shall use commercially reasonable best efforts to carry out the duties, authority and responsibilities set forth in this Agreement and the Partnership Audit Rules. The Partnership Representative does not, in any way, guarantee the results of any Company audit. The Partnership Representative shall have no conflict of interest that would violate his/her/its fiduciary duties to the Company. The Partnership Representative shall be subject to a confidentiality requirement.

(j) Partnership Representative Has No Exclusive Duty to Company. The Partnership Representative shall not be required to act in such capacity as his/ her/its sole and exclusive function. The Partnership Representative shall devote such time to this position as is commercially reasonable to fulfill her obligations, responsibilities and duties.

(k) Correction of Economic Distortions. The Members intend that the economic consequences of an imputed underpayment for any reviewed year shall be borne by the Members in the same manner as if the adjustments had been correctly reported on the reviewed year Membership return. Therefore, notwithstanding anything to the contrary herein, the Partnership Representative shall cause the Company to make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's capital account balance at the end of the adjustment year is to the extent possible, equal to the capital balance such Members would have had if all Company items in the reviewed year had been allocated to the Members in accordance with the adjustments as determined by the notice of final Membership adjustments, any settlement with the IRS, the Justice Department or the final court decision, whichever is applicable. In addition, the Manager shall have the authority to require reviewed year Members who have transferred their Interests to reimburse the Company for the imputed underpayment.

(l) Limitation on Authority of Partnership Representative. Notwithstanding anything to the contrary herein, the Partnership Representative shall not make any material agreements with the Internal Revenue Service (IRS) (including waivers of statute of limitations), election, settlement or take any actions to settle or to litigate any adjustments set forth in the notice of final partnership adjustment under the Partnership Audit Rules without the written consent of the Manager. The Partnership Representative must receive the prior approval of the

Manager prior to filling all protest, court filings, settlements, etc., and other written communications with the IRS.

(m) Duties Owed by the Members to the Partnership Representative. Each Member hereby covenants and agrees to promptly provide the Partnership Representative with all information regarding the Member's tax returns and tax liabilities as requested from time to time, including but not limited to proof that the Member has filed an amended return and paid any resulting tax, the Member's address, taxpayer identification number and current contact information, the Member's status as a tax- exempt Member, the tax rate applicable to the Member and the Member's status as an eligible Member. The Member's obligations hereunder shall continue notwithstanding the Member ceasing to be a Member whether resulting from a transfer, sale, withdrawal or other disposition of his/her/its Interests. Each Member shall notify the Partnership Representative of any inconsistent treatment of any Membership item on the Member's return and of any settlement with the IRS regarding any Membership items.

(n) Reliance on Advice. The Partnership Representative may rely on the services and advice of attorneys, accountants and other professional advisors or experts. The Partnership Representative shall not be liable to the Company or to any Member for damages, losses, or costs, any loss of value or any liability arising from such reliance.

(o) Binding Effect of Actions by Partnership Representative. The Company and the Members hereby agree and acknowledge that (a) the actions of the Partnership Representative in connection with the Partnership Audit Rules shall be binding on the Company and the Members; and (b) neither the Company nor the Members have any right to contact the IRS or participate in an audit or proceedings under the Partnership Audit Rules.

(p) Communications to Members. The Partnership Representative shall provide reports to the Members on a reasonable basis to keep them reasonably informed of the status, issues and resolution of any Company income tax audit. The Partnership Representative shall provide the Manager and all Members with copies of all notices from the IRS within 7 calendar days of receipt. The Partnership Representative is required to inform the Manager, within 72 hours of setting any/all meetings with the IRS. The Partnership Representative shall regularly update the Manager of the progress of the audit and any court proceeding. The Partnership Representative shall submit periodic written reports to the Manager concerning the status of the Company audit.

(q) Election. If and when every Member qualifies as eligible member under the Partnership Audit Rules, the Partnership Representative shall make the "Opt-Out" election for the Company, as appropriate, for any year that Members remain qualified as eligible Members Election. If and when every Member qualifies as eligible member under the Partnership Audit Rules, the Partnership

Representative shall make the "Opt-Out" election for the Company, as appropriate, for any year that Members remain qualified as eligible Members.

ARTICLE 8
DISTRIBUTIONS

Section 8.1 Distributions.

8.1.1 Subject to the reasonably anticipated business needs and opportunities of the Company, taking into account all debts, liabilities and obligations of the Company then due, working capital and other amounts which the Manager deems necessary for the Company's business or to place into reserves for customary and usual claims with respect to such business, and subject also to any restrictions under applicable law (including, without limitation, any obligation to withhold and remit any amounts to any governmental authority), the Manager shall distribute the Net Cash Flow and Net Capital Proceeds to the Members not less often than quarterly in accordance with the Preferred Allocation outlined in ***Exhibit "3"***.

8.1.2 Without limiting the generality of subsection 8.1.1, if and to the extent that the Company is earning income which will result in the Members being subject to income tax on their distributive share of the Company's income, minimum distributions shall be made to the Members in such amounts and at such times (but in no event later than March 31st each year) as shall be sufficient to enable the Members to meet United States income tax liability arising or incurred as a result of their participation in the Company. For the purposes of such distributions, it shall be assumed that the Members are taxable at combined U.S. federal individual, state and local rates of forty percent (40%). Any such distribution shall be made on a nondiscriminatory basis to all Members pro rata in accordance with their respective Percentage Interests. It is specifically recognized that in making a forty percent (40%) assumption regarding tax distributions, some Members may receive a distribution that is in excess of their actual tax liabilities, and some Members may receive a distribution that is less.

Section 8.2 Form of Distributions. No Member, regardless of the nature of the Member's Capital Contribution, has any right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind.

Section 8.3 Withholding from Distributions. To the extent that the Company is required by law to withhold or to make tax or other payments on behalf of or with respect to any Member, the Company may withhold such amounts from any distribution and make such payments as so required. For purposes of this Agreement, any such payments or withholdings shall be treated as a distribution to the Member on behalf of whom the withholding or payment was made.

Section 8.4 754 Election. In the event of a distribution of property to a Member, the death of an individual Member or a transfer of any interest in the Company permitted under the Act or this Agreement, the Company may, in the discretion of the Manager upon the written request of the transferor or transferee, file a timely election under Section 754 of the Code and the Income

Tax Regulations thereunder to adjust the basis of the Company's assets under Section 734(b) or 743(b) of the Code and a corresponding election under the applicable provisions of state and local law, and the person making such request shall pay all costs incurred by the Company in connection therewith, including reasonable attorneys' and accountants' fees.

ARTICLE 9
TRANSFER OF COMPANY INTERESTS

Section 9.1 No Transfer. No Member, shareholder (direct or indirect) of a corporate Member, partner (whether general or limited) of a Member which is a partnership (general or limited), member of a Member which is a limited liability company or owner of all or any portion of any other entity which is a Member or which has a beneficial interest, either direct or indirect, in a Member, may sell, assign, transfer, give, hypothecate or otherwise encumber (any such sale, assignment, transfer, gift, hypothecation or encumbrance being hereinafter referred to as a "Transfer"), directly or indirectly, or by operation of law or otherwise, any interest in the Company or in such corporation, partnership or other entity (each an "Intermediary"), except as hereinafter set forth in this Article 9 or otherwise with the consent of the Manager. Any Transfer of any interest in the Company or an Intermediary in contravention of this Article 9 shall be null and void. No Member, without the prior written consent of the Manager (other than the retiring or withdrawing Member), shall retire or withdraw from the Company, except as a result of such Member's death, disability, insanity, incompetency or the final adjudication of such Member as a Bankrupt. Notwithstanding anything contained in this Article 9, no Transfer shall be permissible if such transfer contravenes and/or violates the terms of the "Mortgage Loan" (as defined in the Property mortgage documents).

Section 9.2 Permitted Transfers.

9.2.1 Any Member may, from time to time and in its sole discretion, Transfer its Interest, in whole or in part, to (i) any Affiliate of such Member, or (ii) a living or revocable trust for the benefit of the Member or such Member's Immediate Family (as hereinafter defined) (a "Family Trust") so long as the transferring Member is the sole trustee of such Family Trust. As used in this Article 9, the term "Immediate Family" shall mean any spouse, parents, children, including those adopted, siblings and direct descendants and spouses of any of the foregoing, of an individual. Notwithstanding the foregoing, no Member shall make any Transfer of any of its Interest, or permit any indirect Transfer of any of its Interest, that would result in the Company being in breach of its Single Asset Entity obligations set forth in Section 2.4. All Transfers requested by any Member shall be at the expense of the Transferring Member who shall pay for all costs associated with the transfer, including, but not limited to attorney fees.

9.2.2 Any transferee referred to in clause 9.2.1 above shall become a Member of the Company.

9.2.3 In the event that (i) a Member Transfers its Interest, pursuant to this Section 9.2, to a limited liability company controlled by such Member or to a Family Trust, and (ii) at any time thereafter, such Member ceases to control the transferee limited liability company, or such Member ceases to be the sole trustee of the transferee Family Trust (each,

a "Triggering Event"), the Company shall have the option to purchase such transferee's Interest for the fair market value of such Interest determined as of the date of the Triggering Event. The Company shall provide written notice to the transferee of its election to exercise its option to purchase the Interest within sixty (60) days after the Triggering Event, on which date such option shall expire. The fair market value of the Interest shall be determined in accordance with the fair market valuation procedure discussed in Section 9.7 hereto.

9.2.4 Notwithstanding anything in the contrary, any transfer that would result in a violation of any document required to obtain a loan for the Property is prohibited.

Section 9.3 Succession by Operation of Law. In the event of the death or incapacity of an individual Member or in the event of the involuntary merger, consolidation, dissolution or liquidation of any Member not an individual, all of such Member's rights hereunder, including such Member's Interest, shall, subject to the remaining provisions of this Article 9, pass to such Member's personal representative, heir or distributee, in the case of an individual Member, or to such Member's legal successor, in the case of any Member not an individual. Upon and contemporaneously with any such transfer of a Member's Interest by operation of law, the Company shall purchase from the transferee of such Interest, and the transferee shall sell to the Company for a purchase price of $1 for each percentage of the Interest transferred, all rights and interests of the transferee in the Company, other than the right to its share of the Company's distributions and allocations, including such transferee's right, if any, to vote and participate in the management of the Company, except those rights that cannot be waived by an assignee of an economic interest in the Company pursuant to the Act.

Section 9.4 New Members. Notwithstanding Section 9.2 hereof, no person or entity, not then a Member, shall become a Member hereunder under any of the provisions hereof unless such person or entity shall expressly assume and agree to be bound by all of the terms and conditions of this Agreement. Each such person or entity shall also cause to be delivered to the Company, at his, her, or its sole cost and expense, a favorable opinion of legal counsel reasonably acceptable to the Manager, to the effect that (a) the contemplated Transfer of such Company Interest to such person or entity does not violate any applicable securities law, (b) that such person or entity has the legal right, power and capacity to own the Interest, and (c) that the contemplated Transfer will not cause a termination of the Company within the meaning of Section 708 of the Code or that such termination would not have material adverse tax consequences for the non-transferring Members. All reasonable costs and expenses incurred by the Company in connection with any Transfer of an Interest and, if applicable, the admission of a person or entity as a Member hereunder, shall be paid by the transferor. Upon compliance with all provisions hereof applicable to such person or entity becoming a Member, all other Members agree to execute and deliver such amendments hereto as are necessary to constitute such person or entity a Member of the Company.

Section 9.5 Rights of New Members. Notwithstanding anything to the contrary in this Agreement, (a) a transferee of a Member's Interest in the Company pursuant to a Transfer under this Article 9 (other than pursuant to Section 9.2 hereof) shall be admitted to the Company as a Member with respect to such Member's Interest only with the written consent of the Manager, it being understood that the giving or withholding of such consent shall be within the sole and absolute discretion of the Manager, (b) until and unless such transferee is admitted as a Member,

such transferee shall be entitled to its share of the Company's distributions and allocations but shall not have any other rights or privileges of a Member, except as otherwise required by this Agreement or the Act, and (c) until and unless such transferee is admitted as a Member, the transferor shall not cease to be a Member of the Company and shall continue to be a Member until such time as the transferee is admitted as a Member under this Agreement.

Section 9.6 Right of First Refusal. Except for Transfers permitted by Section 9.2, each time a Member proposes to Transfer all or any part of its, his or her Interest, such Member shall first offer such Interest to the Manager:

(a) Such Member shall deliver a written notice to the Manager stating (i) such Member's bona fide intention to Transfer such Interest, (ii) the name and address of the proposed transferee, (iii) the Interest to be Transferred, and (iv) the purchase price and terms of payment for which the Member proposes to Transfer such Interest.

(b) Within ten (10) days after receipt of the notice described in Section (a), the Manager shall notify the transferring Member in writing of Manager's desire to purchase a portion of the Interest being so Transferred. The purchase price and terms shall be on the same terms as outlined in the written notice made pursuant to Section 9.6 (a). The failure of the Manager to submit a notice within the applicable period shall constitute an election on the part of the Manager not to purchase any of the Interest which may be so Transferred.

(c) If the Manager elects not to purchase all of the Interest designated in such notice, then the transferring Member may Transfer the Interest described in the notice to the proposed transferee, providing such Transfer (i) is completed within thirty (30) days after the expiration of the Manager's right to purchase such Interest, (ii) is made at the price and terms designated in such notice, and (iii) the requirements hereof relating to consent of Members, securities and tax requirements are met. If such Interest is not so Transferred, the transferring Member must give notice in accordance with this Section prior to any other or subsequent Transfer of such Interest**.**

Section 9.7 Fair Market Value Procedures. The fair market value of the Interest shall be determined by either:

(a) the Interest's fair market value as agreed upon by the transferring and acquiring Party; or

(b) if the transferring and acquiring Party cannot agree on the fair market value, each party, at their own expense, shall select a business valuation appraiser and the average valuation shall be used, subject to Section 9.7 (c).

(c) in the event that either Party is not satisfied with the average valuation obtained pursuant to Section 9.7 (b), then the two selected business valuation appraisers shall select a third independent business valuation appraiser who shall determine the fair market value of the Interest. The appraisal cost of the third independent business valuation appraiser shall be paid equally by the Parties.

ARTICLE 10
BOOKS AND RECORDS; RESERVES

Section 10.1 On reasonable notice, a member may inspect and copy during regular business hours, at a reasonable location specified by the Company, any record maintained by the Company regarding the Company's activities, financial condition and other circumstances, to the extent the information is material to the member's rights and duties under the Operating Agreement or this chapter;

Section 10.2. The Company shall furnish to each member:

(a) On reasonable notice, any information concerning the Company's activities, financial condition and other circumstances which the Company knows and is material to the proper exercise of the member's rights and duties under the Operating Agreement or this chapter, except to the extent the Company can establish that it reasonably believes the member already knows the information;

(b) On reasonable notice, any other information concerning the Company's activities, financial condition and other circumstances, except to the extent the demand or information demanded is unreasonable or otherwise improper under the circumstances.

Section 10.3 During regular business hours and at a reasonable location specified by the Company, a member may obtain from the Company and inspect and copy full information regarding the activities, financial condition and other circumstances of the company as is just and reasonable if:

(a) The member seeks the information for a purpose material to the member's interest as a member;

(b) The member makes a demand in a record received by the company, describing with reasonable particularity the information sought and the purpose for seeking the information; and

(c) The information sought is directly connected to the member's purpose.

Section 10.4 Reserves. The Managers shall establish reserves by deducting from income such amounts as it shall deem advisable.

Section 10.5 Filings. The Manager, at the Company's expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Manager, at the Company's expense, shall also cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to or restatements of, the Articles of Organization and all reports required to be filed by the Company with those entities under the Act or other then-current applicable laws, rules and regulations. If a Manager is required by the Act to execute or file any document fails, after demand, to do so within a reasonable period of time or refuses to do so, any other Manager or Member may prepare, execute and file that document with the Arizona Corporation Commission.

Section 10.6 Bank Accounts. The Managers shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds

of the Company to be commingled in any fashion with the funds of any other Person.

ARTICLE 11
TERMINATION

Section 11.1 Dissolution. Subject to the provisions of the Act, this Agreement (including the limitations set forth in Section 2.4) or the Articles of Organization, the Company shall be dissolved, and its affairs wound up upon the first to occur of the following:

11.1.1 Upon the sale of all or substantially all of the assets of the Company and the receipt of all consideration therefore; or

11.1.2 The entry of a decree of judicial dissolution.

Section 11.2 Distributions Upon Liquidation.

11.2.1 Upon the occurrence of any event specified in Section 11.1, the Manager(s) will take full account of the Company's liabilities and assets, and the Company's assets will be liquidated as promptly as is consistent with obtaining the fair value thereof. The proceeds from the liquidation of the Company's assets will be applied and distributed in the following order:

(i) First, to creditors in the payment and discharge of all of the Company's Debts and other Liabilities (whether by payment or the making of reasonable provision for payment thereof to the extent required by Section 18-804 of the Act), including any Member Loans, other than Liabilities for Distributions to Members under Section 18-601 or 18-604 of the Act;

(ii) Second, in accordance to the profit and loss Allocations as found in Section 7.1.1.

ARTICLE 12
INDEMNIFICATION AND INSURANCE

Section 12.1 Indemnification. Neither the Manager, nor their shareholders, officers, directors, employees or agents, shall have any liability whatsoever to the Company or to any Member for any loss suffered by the Company or any Member which arises out of any action or inaction of the Manager or any of their shareholders, officers, directors, employees or agents, so long as the Manager or such other Persons, in good faith, determined that such course of conduct was in the best interests of the Company and did not constitute fraud, bad faith or willful misconduct. The Manager and its shareholders, officers, directors, employees and agents and the employees and agents of the Company shall be entitled to be indemnified and held harmless by the Company, at the expense of the Company, against any loss, expense, claim or liability (including reasonable attorneys' fees, which shall be paid as incurred) resulting from the assertion of any claim or legal proceeding relating to the performance or nonperformance of any act concerning the activities of the Company, including claims or legal proceedings brought by a third-

party or by Members, on their own behalf or as a Company derivative suit, so long as the party to be indemnified determined in good faith that such course was in the best interests of the Company and did not constitute fraud, bad faith or willful misconduct; provided, that any such indemnity shall be paid solely from the assets of the Company.

Section 12.2 Insurance. Nothing herein shall prohibit the Company from paying in whole or in part the premiums or other charge for any type of indemnity insurance in which the Manager or other agents or employees of the Manager or the Company are indemnified or insured against liability or loss arising out of their actual or asserted misfeasance or nonfeasance in the performance of their duties or out of any actual or asserted wrongful act against, or by, the Company including, but not limited to, judgments, fines, settlements and expenses incurred in the defense of actions, proceedings and appeals therefrom.

ARTICLE 13
INVESTMENT REPRESENTATIONS; PRIVATE OFFERING EXEMPTION

Each Member, by such Member's execution of this Agreement, hereby represents and warrants to, and agrees with, the Manager, the other Members and the Company as follows:

Section 13.1 Investment Intent. Such Member is acquiring the Interest in investment purposes for such Member's own account only and not with a view to or for sale in connection with any distribution of all or any part of the Interest.

Section 13.2 Economic Risk. Such Member is financially able to bear the economic risk of such Member's investment in the Company, including the total loss thereof.

Section 13.3 No Registration of Units. Such Member acknowledges that the Interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or qualified under any state securities law or under the laws of any other jurisdiction, in reliance, in part, on such Member's representations, warranties and agreements herein.

Section 13.4 No Obligation to Register. Such Member represents, warrants and agrees that the Company and the Manager is under no obligation to register or qualify the Interests under the Securities Act or under any state securities law or under the laws of any other jurisdiction, or to assist such Member in complying with any exemption from registration and qualification.

Section 13.5 No Disposition in Violation of Law. Without limiting the representations set forth above, and without limiting Article 9 of this Agreement, such Member will not make any disposition of all or any part of the Interests which will result in the violation by such Member or by the Company of the Securities Act or any other applicable securities laws. Without limiting the foregoing, each Member agrees not to make any disposition of all or any part of the Interests unless and until:

13.5.1 there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement and any applicable requirements of state securities laws; or

13.5.2 such Member has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Manager, such Member has furnished the Company with a written opinion of legal counsel, reasonably satisfactory to the Company, that such disposition will not require registration of any securities under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities law or under the laws of any other jurisdiction.

Section 13.6 Financial Estimate and Projections. That it understands that all projections and financial or other materials which it may have been furnished are not based on historical operating results, because no reliable results exist, and are based only upon estimates and assumptions which are subject to future conditions and events which are unpredictable and which may not be relied upon in making an investment decision.

ARTICLE 14
DEFAULTS AND REMEDIES

Section 14.1 Defaults. If a Member materially defaults in the performance of his, her, or its obligations under this Agreement, and such default is not cured within ten (10) business days after written notice of such default is given by a Manager to the defaulting Member for a default that can be cured by the payment of money, or within thirty (30) calendar days after written notice of such default is given by a Manager to the defaulting Member for any other default, then the non-defaulting Members shall have the rights and remedies described in Section 14.2 hereunder in respect of the default.

Section 14.2 Remedies. If a Member fails to perform his, her, or its obligations under this Agreement, the Company and the non-defaulting Members shall have the right, in addition to all other rights and remedies provided herein, on behalf of himself or itself, the Company or the Members, to bring the matter to arbitration pursuant to Section 15.7. The award of the arbitrator in such a proceeding may include, without limitation, an order for specific performance by the defaulting Member of his, her, or its obligations under this Agreement, or an award for damages for payment of sums due to the Company or to a Member.

ARTICLE 15
MISCELLANEOUS

Section 15.1 Entire Agreement. This Agreement, and the exhibits hereto, constitute the entire agreement among the Manager, in its capacity as Manager only, and the Members with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No party hereto shall be liable or bound to the other in any manner by any warranties, representations or covenants with respect to the subject matter hereof except as specifically set forth herein.

Section 15.2 Further Assurances. Each Manager and Member agrees to execute, acknowledge, deliver, file, record and publish such further certificates, amendments to certificates, instruments and documents, and do all such other acts and things as may be required by law, or as may be required to carry out the intent and purposes of this Agreement.

Section 15.3 No Waiver. No consent or waiver, express or implied, by the Company or a Member to or of any breach or default by the Manager or any Member in the performance by the Manager or such Member of his, her or its obligations under this Agreement shall constitute a consent to or waiver of any similar breach or default by that or any other Manager or Member. Failure by the Company or a Member to complain of any act or omission to act by the Manager or any Member, or to declare such Manager or Member in default, irrespective of how long such failure continues, shall not constitute a waiver by the Company or such Member of his, her or its rights under this Agreement.

Section 15.4 Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

Section 15.5 Severability. If one or more provisions of this Agreement are held by a proper court to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary and permitted by law, shall be severed herefrom, and the balance of this Agreement shall be enforceable in accordance with its terms.

Section 15.6 Governing Law. This Agreement shall be governed by and construed under the substantive laws of the State of Arizona. This Agreement, however, may alter or reduce the rights a Member would have under the Act. In all instances in which such is lawful, the provisions of this agreement will control.

Section 15.7 Dispute Resolution. In the event of any dispute or disagreement between the parties hereto as to the interpretation of any provision of this Agreement (or the performance of obligations hereunder), the matter, upon written request of any party, shall be referred to representatives of the parties for decision. The representatives shall promptly meet, in good faith, with the assistance of a third-party mediator who has previously practice law as a litigator. If the representatives do not agree upon a decision within thirty (30) calendar days after reference of the matter to the mediator, any controversy, dispute or claim arising out of or relating in any way to this Agreement or the transactions arising hereunder shall be settled exclusively by arbitration in Phoenix, Arizona. Such arbitration shall be administered by JAMS in accordance with its then prevailing expedited rules, by one independent and impartial arbitrator selected in accordance with such rules. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1 et seq. The fees and expenses of JAMS and the arbitrator shall be shared equally by the parties to the dispute and advanced by them from time to time as required; provided that at the conclusion of the arbitration, the arbitrator shall award costs and expenses (including the costs of the arbitration previously advanced and the reasonable fees and expenses of attorneys, accountants and other experts) to the prevailing party, so long as the prevailing party had previously engaged in good faith mediation. Failure of a party to act in good faith during the mediation process shall prohibit the prevailing party to recover any cost of the arbitration and attorney and accounting fees. No pre-arbitration discovery shall be permitted, except that the arbitrator shall have the power in his sole discretion, on application by any party, to order pre-arbitration examination solely of those witnesses and documents that any other party intends to introduce in its case-in-chief at the arbitration hearing. The parties shall instruct the arbitrator to render such arbitrator's award within thirty (30) calendar days following the conclusion of the arbitration hearing. The arbitrator shall

not be empowered to award to any party any damages of the type not permitted to be recovered under this Agreement in connection with any dispute between or among the parties arising out of or relating in any way to this Agreement or the transactions arising hereunder, and each party hereby irrevocably waives any right to recover such damages. Notwithstanding anything to the contrary provided in this Section 15.7 and without prejudice to the above procedures, any party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the arbitrator is selected and available to hear such party's request for temporary relief. The award rendered by the arbitrator shall be final and not subject to judicial review and judgment thereon may be entered in any court of competent jurisdiction. The decision of the arbitrator shall be in writing and shall set forth findings of fact and conclusions of law.

Section 15.8 Notices. Unless otherwise provided in this Agreement, any notice or other communication herein required or permitted to be given shall be in writing and shall be given by electronic communication, hand delivery, registered or certified mail, with proper postage prepaid, return receipt requested, or courier service regularly providing proof of delivery, addressed to the party hereto as provided as follows:

15.8.1 all communications intended for the Company shall be sent to its principal executive office to the attention of the Manager;

15.8.2 all communications intended for a Member shall be sent to the address of such Member set forth in the Register, or such other address as such Member shall have provided to the Company for such purpose by notice served in accordance with this Section 15.8; and

15.8.3 all communications intended for the Manager shall be sent to the address of the Manager set forth in ***Exhibit "2"*** to this Agreement, or such other address as the Manager shall have provided to the Members for such purpose by notice served in accordance with this Section 15.8.

All notices shall be sent as aforesaid or at any other address of which any of the foregoing shall have notified the others in any manner prescribed in this Section 15.8. For all purposes of this Agreement, a notice or communication will be deemed effective:

(a) if delivered by hand or sent by courier, on the day it is delivered unless that day is not a day upon which commercial banks are open for business in the city specified (a "Local Business Day") in the address for notice provided by the recipient, or if delivered after the close of business on a Local Business Day, then on the next succeeding Local Business Day;

(b) if sent by facsimile transmission, on the date transmitted, provided oral or written confirmation of receipt is obtained by the sender, unless the transmission and confirmation date is not a Local Business Day, in which case on the next succeeding Local Business Day; and

(c) if sent by registered or certified mail, on the fifth (5^{th}) Local Business Day after the date of mailing.

Section 15.9 Titles and Subtitles. The titles of the sections and paragraphs of this Agreement are for convenience only and are not to be considered in construing this Agreement.

Section 15.10 Currency. Unless otherwise specified, all currency amounts in this Agreement refer to the lawful currency of the United States of America.

Section 15.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and facsimile signatures shall be deemed originals.

Section 15.12 Preparation of Agreement. This Agreement has been prepared by Premier Law Group (the "Law Firm"), counsel for the Company and the Manager in the course of its representation, and:

i. The Members have been advised by the Law Firm that a conflict of interest exists among the Members' individual interests; and

ii. The Members have been advised by the Law Firm to seek the advice of independent counsel; and

iii. The Members have been represented by independent counsel or have had the opportunity to seek such representation; and

iv. The Law Firm has not given any advice or made any representations to the members with respect to the tax consequences of this agreement; and

v. The Members have been advised that the terms and provisions of this Agreement may have tax consequences and the Members have been advised by the Law Firm to seek independent counsel with respect thereto; and

vi. The Members have been represented by independent counsel or have had the opportunity to seek such representation with respect to the tax consequences of this Agreement.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE FOR TRUSTS ONLY]

IN WITNESS WHEREOF, the Company's Member(s) hereby execute this Operating Agreement as of the date first above written.

CLASS A MEMBER

Trust: _____

By: _____

By: _____

Its: Trustee(s)

Signature: _____

Signature: _____

{*Manager's Affiliate Signature Page(s) continue on following page*}

[SIGNATURE PAGE FOR CLASS B MEMBERS ONLY]

IN WITNESS WHEREOF, the Company's Member(s) hereby execute this Operating Agreement as of the date first above written

CLASS B MEMBERS

DGSR Holdings LLC

By: _____
George Drew Gibson III, Co-Manager

By: _____
Susanna Reust, Co-Manager

[SIGNATURE PAGE FOR MANAGER(S) ONLY]

IN WITNESS WHEREOF, the Company's Manager(s) hereby execute this Operating Agreement as of the date first above written.

Manager(s)

SW Opportunity Fund MGR, LLC

By:_____
George Drew Gibson III, Co-Manager

By:_____
Susanna Reust, Co-Manager

EXHIBIT "1"

Percentage Interests

Name of Member	Percentage Interest
Class A Members	***The Percentage Interest of the Class A Members shall be 80%***
Class B Members	***The Percentage Interest of the Class B Members shall be 20%***

EXHIBIT "2"

Initial Manager(s)

Name	Address
SW Opportunity Fund MGR, LLC	6534 N. 27th Avenue Phoenix, Arizona 85029

EXHIBIT "3"

Preferred Allocations and Distributions

Preferred Allocations and Distributions From Net Cash Flow

All distributions made to Class A Members will be based on a calendar year quarterly basis (January 1, April 1, July 1, October 1). Actual distributions will follow approximately forty-five (45) days after the conclusion of the calendar quarter. Distributions will not begin until twelve (12) months after a Class A Member has subscribed to the Offering and the Company has received their Capital Contribution.

Net Cash Flow shall be allocated and distributed as follows:

First, all Net Cash Flow shall be distributed to the Class A Members, in pari passu, until they receive their respective Preferred Return. Once all Class A Members receive 8% of their respective Preferred Return, the Class A-2 Members will receive their additional 2%. The Preferred Return will not begin accruing until four (4) months after the Class A Member has subscribed to the Offering and tendered their Capital Contribution.

Second, any remaining Net Cash Flow shall be distributed proportionally by Class A-1 Membership Units and Class A-2 Membership Units to the Class A-1 Account and Class A-2 Account, respectively.

Third, from the Class A-1 Account, Class A-1 Members shall receive eighty percent (80%) of the Class A-1 Account and Class B Members shall receive the remaining twenty percent (20%).

Finally, from the Class A-2 Account, Class A-2 Members shall receive twenty percent (20%) of the Class A-2 Account and Class B Members shall receive the remaining eighty percent (80%).

Preferred Allocations and Distributions From a Sale or Refinance Event

Net Capital Proceeds from the sale or refinance of a Property shall be allocated and distributed as follows:

First, Class A Members are entitled to receive all Net Capital Proceeds until they have received all their accrued but unpaid Preferred Return. The Preferred Return will not begin accruing until four (4) months after the Class A Member has subscribed to the Offering and tendered their Capital Contribution.

Second, any remaining Net Capital Proceeds may be reinvested into additional Properties, distributed to the Class A Members to reduce their Unrecovered Capital Contributions, or retained as reserves at the sole discretion of the Manager. Upon termination of the fund no Net Capital Proceeds will be reinvested or retained in reserves.

Third, any remaining Net Capital Proceeds shall be distributed proportionally by Class A-1 Membership Units and Class A-2 Membership Units to the Class A-1 Account and Class A-2 Account, respectively.

Fourth, from the Class A-1 Account, Class A-1 Members shall receive eighty percent (80%) of the Class A-1 Account and Class B Members shall receive the remaining twenty percent (20%).

Finally, from the Class A-2 Account, Class A-2 Members shall receive twenty percent (20%) of the Class A-2 Account and Class B Members shall receive the remaining eighty percent (80%).

EXHIBIT B

PROSPECTIVE PURCHASER QUESTIONNAIRE

Name of Prospective Purchaser: _____
(Please Print)

State of Domicile: _____

SW OPPORTUNITY FUND IV, LLC

ACCREDITED INVESTOR QUESTIONNAIRE

RULE 506(c)

INSTRUCTIONS: IN ORDER TO INVEST IN UNITS OF SW OPPORTUNITY FUND IV, LLC YOU MUST COMPLETE THIS ACCREDITED INVESTOR QUESTIONNAIRE AND REPRESENTATION LETTER BY FILLING IN THE INFORMATION CALLED FOR, CHECKING THE APPROPRIATE BOXES, AND PROVIDING THE NECESSARY VERIFICATION DOCUMENTS. THEN, YOU MUST COMPLETE THE SUBSCRIPTION AGREEMENT BY DESIGNATING THE NUMBER OF UNITS TO BE PURCHASED, PROVIDING THE INFORMATION REQUIRED AND SIGNING. NO SUBSCRIPTION IS EFFECTIVE UNTIL ACCEPTED BY THE COMPANY.

CONFIDENTIALITY: THE INFORMATION THAT YOU PROVIDE WILL BE USED SOLELY FOR PURPOSES OF MAKING VARIOUS DETERMINATIONS IN CONNECTION WITH THE COMPANY'S COMPLIANCE WITH APPLICABLE SECURITIES LAWS. NO FINANCIAL INFORMATION DISCLOSED HEREIN WILL BE DISCLOSED TO THIRD PARTIES OR USED FOR ANY PURPOSES OTHER THAN SUCH LEGAL DETERMINATIONS BY THE COMPANY AND ITS LEGAL COUNSEL.

SW OPPORTUNITY FUND IV, LLC

Requirement to Submit an Accredited Investor Representation Letter

---

The sale of membership units in SW Opportunity Fund IV, LLC (the "Securities") are being sold only to "accredited investors" as defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (the "Accredited Investors").

The purpose of the attached Accredited Investor Representation Letter (the "Letter") is to collect information from you to determine whether you are an Accredited Investor and otherwise meet the suitability criteria established by the Company for investing in the Securities.

As part of verifying your status as an Accredited Investor, you will have three options to provide supporting documentation:

[ ] Option (1) **Signed Letter from a Licensed Professional**

You may have a certified public account, licensed lawyer, SEC-registered investment adviser, or registered broker-dealer send us a signed letter verifying that you or your entity is an accredited investor. Email us if they need a sample letter for this purpose.

[ ] Option (2) **3rd Party Verification Service**

VerifyInvestor.com, parallelmarkets.com, and investready.com are all third-party verification services which can assist you in obtaining your signed verification letter. At a nominal cost to you, this service usually takes 2-3 business days to complete once you submit the required documentation. If you choose this option, we will submit your contact information to the third-party verification service and they will send you an email with instructions on how to complete the verification. Once you have been verified, they will send us your verification letter directly.

[ ] Option (3) **I Already Have a Valid 3rd Party Certification Letter**

If you already have a verification letter from a third-party that has been completed within the last 90 days, then you are an accredited investor and can email us your verification document to avoid going through the verification process again.

It is possible that you were not required to submit this type of information in past offerings in which you have participated. However, the nature of this offering, together with changes made to Regulation D in September 2013, impose additional obligations on the Company to ***take reasonable steps to verify*** that each investor is in fact an Accredited Investor.

Accordingly, you must fully complete and sign the Letter, and deliver the required supporting documentation, before the Company will consider your proposed investment.

By submitting the Letter, you agree to provide all required supporting documentation within 10 days after the date that you submit the Letter.

All of your statements in the Letter and all required supporting documentation delivered by you or on your behalf in connection with the Letter (collectively, the "Investor Information") will be treated confidentially. You understand that the Company will rely on your representations and other statements and documents included in the Investor Information in determining your status as an Accredited Investor,

your suitability for investing in the Securities and whether to accept your subscription for the Securities. The Company reserves the right, in its sole discretion, to verify your status as an Accredited Investor using any other methods that it may deem acceptable from time to time. However, you should not expect that the Company will accept any other such method. The Company may refuse to accept your request for investment in the Securities for any reason or for no reason.

TO: SW Opportunity Fund IV, LLC
6534 N. 27th Avenue
Phoenix, Arizona 85017

Dear Sponsor,

I am submitting this Accredited Investor Representation Letter (the "Letter") in connection with the offering of membership units in SW Opportunity Fund IV, LLC (the "Securities"). I understand that the Securities are being sold only to accredited investors ("Accredited Investors") as defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (the "Securities Act").

I hereby represent and warrant to SW Opportunity Fund IV, LLC (the "Company") that I qualify as an Accredited Investor on the basis that:

(You **must** choose Part A or B below and check the applicable boxes.)

A. I am a NATURAL PERSON and:

(An investor using this Part A must check box (1), (2), or (3).)

[ ] (1) **Income Test:** My individual income exceeded $200,000 in each of the two most recent years or my joint income together with my spouse exceeded $300,000 in each of those years;

AND

I reasonably expect to earn individual income of at least $200,000 this year or joint income with my spouse of at least $300,000 this year.

To support the representation in A(1) above:
(You must check box (a) or (b).)

[ ] (a) My salary or my joint salary with my spouse is publicly available information that has been reported in a document made available by the U.S. government or any state or political subdivision thereof (for example, reported in a filing with the Securities and Exchange Commission) and I will deliver to the Company copies of such publicly available materials identifying me or me and my spouse by name and disclosing the relevant salary information for each of the two most recent years.

OR

[ ] (b) I have chosen Option ____ above to support my verification.

[ ] (2) **Net Worth Test:** My individual net worth, or my joint net worth together with my spouse, exceeds $1,000,000;

- For these purposes, "net worth" means the excess of: total assets at fair market value (including all personal and real property, but excluding the estimated fair market value of my primary residence)

  minus

- total liabilities.

For these purposes, "liabilities":

- exclude any mortgage or other debt secured by my primary residence in an amount of up to the estimated fair market value of that residence; but
- include any mortgage or other debt secured by my primary residence in an amount in excess of the estimated fair market value of that residence.

I agree to promptly notify the Company if, between the date of this Letter and the date of the closing for the sale of the Securities, I incur any incremental mortgage or other debt secured by my primary residence. (**NOTE**: *If the representation in the first sentence of this paragraph is untrue or becomes untrue prior to the date of the closing for the sale of the Securities, you may still be able to invest in the Securities. However, you must first contact the Company for additional instructions on how to calculate your net worth for purposes of this offering*.)

To support the representations in A(2) above:

I have chosen Option ____ above to support my verification.

[ ] (3) **Company Insider:** I am an executive officer, or manager of the Company.

B. I am a LEGAL ENTITY that is

(An investor using this Part B **must** check at least one box below. **NOTE**: An investor that checks any of boxes B(1) through B(12) must contact the Company for additional instructions.)

[ ] (1) A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

[ ] (2) A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended.

[ ] (3) An insurance company as defined in the Securities Act.

[ ] (4) An investment company registered under the Investment Company Act of 1940

(the "Investment Company Act").

[ ] (5) A business development company as defined in Section 2(a)(48) of the Investment Company Act.

[ ] (6) A private business development company as defined in the Investment Advisors Act of 1940.

[ ] (7) A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or 301(d) of the Small Business Investment Act of 1958.

[ ] (8) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of $5,000,000.

[ ] (9) A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000.

[ ] (10) An employee benefit plan within the meaning of Title I of the Employment Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000, or if a self- directed plan, the investment decisions are made solely by persons that are accredited investors.

[ ] (11) A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a "sophisticated" person.

[ ] (12) An entity in which all of the equity owners are Accredited Investors.

(NOTE: If box (12) is checked, each equity owner of the entity must individually complete and submit to the Company its own copy of this Letter.)

Date: _____

Name: _____

Signature: _____

SUPPORTING DOCUMENTATION

Within 10 days after the date that I submit this Letter to the Company, but prior to being accepted into the Company, I will deliver to the Company or arrange to have delivered to Company on my behalf, the required supporting documentation.

The supporting documentation must be submitted to the Company either electronically, in PDF form, or by mail or overnight service to SW Opportunity Fund IV, LLC, 6534 N. 27th Avenue, Phoenix, Arizona 85017.

I understand that the Company may request additional supporting documentation from me in order to verify my status as an Accredited Investor and I hereby agree to promptly provide any such additional supporting documentation.

I further understand that, even if I complete and execute this Letter and provide all additional supporting documentation requested by the Company, the Company may in its sole discretion refuse to accept my subscription for the Securities for any reason or for no reason.

RELIANCE ON REPRESENTATIONS; INDEMNITY

I understand that the Company and its counsel are relying upon my representations in the Letter and upon the supporting documentation to be delivered by me or on my behalf in connection with the Letter (collectively, the "Investor Information"). I agree to indemnify and hold harmless the Company, managers directors, officers, representatives and agents, and any person who controls any of the foregoing, against any and all loss, liability, claim, damage and expense (including [reasonable] attorneys' fees) arising out of or based upon any misstatement or omission in the Investor Information or any failure by me to comply with any covenant or agreement made by me in the Investor Information.

INVESTOR'S SIGNATURE AND CONTACT INFORMATION

Date: _____

Name: _____

Signature: _____

Email address: _____

Mailing address: _____
_____
_____
_____

Telephone number: _____

EXHIBIT C

SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT
for
SW OPPORTUNITY FUND IV, LLC
an Arizona Limited Liability Company

THIS SUBSCRIPTION AGREEMENT (the "Agreement") is made by and among SW Opportunity Fund IV, LLC, an Arizona limited liability company (the "Company"), and the individuals and/or entities purchasing Units hereunder (individually, a "Subscriber" and collectively, the "Subscribers").

WHEREAS, the Company desires to issue up to Twenty-five Thousand (25,000) Class A Membership Units in the Company (the "Offering) at a price of $1,000 per Unit to certain accredited investors ("Accredited Investor(s)"), as that term is defined in Rule 501 of Regulation D as promulgated under the Securities Act of 1933, as amended (the "Act") ;

WHEREAS, the Subscriber has been furnished with a copy of the offering documents, including this Agreement, the Private Placement Memorandum, the Operating Agreement of the Company, Business Plan, and the Prospective Purchaser Questionnaire, as the same may have been amended or supplemented from time to time (collectively, the "Offering Documents"); and

WHEREAS, the Subscriber desires to purchase that value of Class A Units of the Company set forth on the signature page hereof on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual representations and covenants set forth herein, the parties agree as follows:

1. Purchase and Sale of Units.

1.1 Purchase of Units. Subject to the terms and conditions of this Agreement, the Subscribers agree to purchase at the Closings (as defined below) and the Company agrees to sell and issue to the Subscribers at the Closings an aggregate of up to Twenty-five Thousand (25,000) Class A Membership Units. The Units issued to the Subscribers pursuant to this Agreement shall be referred to herein as the "Units."

1.2 Company Reservation of Rights to Terminate or Deny. The Company reserves the right to refuse all or part of any or all subscriptions. Furthermore, no Subscription Agreement shall be effective until accepted and executed by the Company and the Company shall have the right, in its sole discretion, for any reason or for no reason, to refuse any potential Subscribers.

2. Closing and Delivery. The purchase price for the Units is payable by check or wire transfer payable to the Company or its designee in an amount equal to the applicable purchase price per unit multiplied by the number of Units being purchased by such Subscriber.

3. Representations and Warranties of the Company. The Company hereby represents and warrants to the Subscribers that:

3.1 Organization, Good Standing and Qualification. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Arizona and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to transact business in each jurisdiction in which the failure so to qualify would have a material adverse effect on its business or properties.

3.2 Authorization. All action on the part of the Company, its members and managers, necessary for the authorization, execution and delivery of this Agreement and the issuance of the Units, the performance of all obligations of the Company hereunder and thereunder has been taken or will be taken prior to the Closing, and this Agreement constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms.

3.3 Valid Issuance of Units. The Units, when issued, sold and delivered in accordance with the terms hereof for the consideration expressed herein or therein, will be duly and validly issued and fully-paid and non-assessable. Based in part upon the representations of the Subscribers in this Agreement and subject to the completion of the filings referenced in Section 3.4 below, the Units will be issued in compliance with all applicable federal and state securities laws.

3.4 Governmental Consents. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement, except for the federal and state securities law filings to be made by the Company as necessary.

3.5 Litigation. There is no action, suit, proceeding or investigation pending or currently threatened against the Company that questions the validity of this Agreement, or the right of the Company to enter into this Agreement, or to consummate the transactions contemplated hereby, or that might result, either individually or in the aggregate, in any material adverse changes in the assets, condition, affairs or prospects of the Company, financially or otherwise, or any change in the current equity ownership of the Company, nor is the Company aware that there is any basis for the foregoing. The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or which the Company intends to initiate.

3.6 Compliance with Other Instruments. The Company is not in violation or default of any provisions of its Articles of Organization or Operating Agreement or of any instrument, judgment, order, writ, decree or contract to which it is a party or by which it is

bound or, to its knowledge, of any provision of federal or state statute, rule or regulation applicable to the Company. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, order, writ, decree or contract or an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company.

3.7 Disclosure. The forward-looking statements, including financial projections, contained in the Offering Documents were prepared in good faith; however, the Company does not warrant that such statements will ultimately become true. In addition to the foregoing, the Company restates as if rewritten herein the risk factors set forth in Private Placement Memorandum.

4. Representations and Warranties of the Subscribers. Each Subscriber hereby severally and not jointly represents and warrants to the Company that:

4.1 Risk. The Subscriber recognizes that the purchase of Units involves a high degree of risk in that (i) the Company has no operating history; (ii) an investment in the Company is highly speculative, and only investors who can afford the loss of their entire investment should consider investing in the Company and the Units; (iii) the Subscriber may not be able to liquidate his, her or its investment; (iv) transferability of the Units is extremely limited; and (v) in the event of a disposition, the Subscriber could sustain the loss of his, her or its entire investment.

4.2 Investment Experience. The Subscriber hereby acknowledges and represents that the Subscriber has prior investment experience, including investment in non-listed and unregistered securities, or the Subscriber has employed the services of an investment advisor, attorney and/or accountant to read all of the documents furnished or made available by the Company both to the Subscriber and to all other prospective investors in the Units and to evaluate the merits and risks of such an investment on the Subscriber's behalf.

4.3 Due Diligence. The Subscriber hereby acknowledges receipt and careful review of the Offering Documents, as supplemented and amended, and the attachments and exhibits thereto all of which constitute an integral part of the Offering Documents, and hereby represents that the Subscriber has been furnished by the Company during the course of this transaction with all information regarding the Company which the Subscriber has requested or desired to know, has been afforded the opportunity to ask questions of and receive answers from duly authorized managers, officers or other representatives of the Company concerning the terms and conditions of the offering and has received any additional information which Subscriber has requested. The Subscriber acknowledges that the Subscriber is relying upon the Offering Documents and not relying upon any prior documents prepared by the Company.

4.4 Protection of Interests; Exempt Offering. The Subscriber hereby represents that the Subscriber either by reason of the Subscriber's business or financial experience or the business or financial experience of the Subscriber's professional advisors (who are

unaffiliated with and who are not compensated by the Company or any affiliate of the Company, directly or indirectly) has the capacity to protect the Subscriber's own interests in connection with the transaction contemplated hereby. The Subscriber hereby acknowledges that the offering has not been reviewed by the United States Securities and Exchange Commission (the "SEC") because of the Company's representations that this is intended to be exempt from the registration requirements of Section 5 of the Act. The Subscriber agrees that the Subscriber will not sell or otherwise transfer the Units unless they are registered under the Act or unless an exemption from such registration is available.

4.5 Investment Intent. The Subscriber understands that the Units have not been registered under the Act by reason of a claimed exemption under the provisions of the Act, which depends, in part, upon the Subscriber's investment intention. In this connection, the Subscriber hereby represents that the Subscriber is purchasing the Units for the Subscriber's own account for investment and not with a view toward the resale or distribution to others. The Subscriber, if an entity, was not formed for the purpose of purchasing the Units.

4.6 Restricted Units. The Subscriber understands that there currently is no public market for any of the Units and that even if there were, Rule 144 promulgated under the Act requires, among other conditions, a one-year holding period prior to the resale (in limited amounts) of securities acquired in a non-public offering without having to satisfy the registration requirements under the Act. The Subscriber understands and hereby acknowledges that the Company is under no obligation to register the Units under the Act or any state securities or "blue sky" laws. The Subscriber consents that the Company may, if it desires, permit the transfer of the Units out of the Subscriber's name only when the Subscriber's request for transfer is accompanied by an opinion of counsel reasonably satisfactory to the Company that neither the sale nor the proposed transfer results in a violation of the Act or any applicable state "blue sky" laws (collectively, the "Securities Laws"). The Subscriber agrees to hold the Company and its members, managers, officers, employees, controlling persons and agents and their respective heirs, representatives, successors and assigns harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by the Subscriber contained in this Agreement or any sale or distribution by the Subscriber in violation of the Securities Laws. The Subscriber understands and agrees that in addition to restrictions on transfer imposed by applicable Securities Laws, the transfer of the Units will be restricted by the terms of the Offering Documents.

4.7 Legends. The Subscriber consents to the placement of a legend on any certificate or other document evidencing the Units that such Units have not been registered under the Act or any state securities or "blue sky" laws and setting forth or referring to the restrictions on transferability and sale thereof contained in this Agreement. The Subscriber is aware that the Company will make a notation in its appropriate records with respect to the restrictions on the transferability of such Units and may place additional legends to such effect on Subscriber's unit certificate(s).

4.8 Rejection. The Subscriber understands that the Company will review this Agreement and that the Company reserves the unrestricted right to reject or limit any subscription and to close the offering to the Subscriber at any time.

4.9 Address. The Subscriber hereby represents that the address of the Subscriber furnished by the Subscriber on the signature page hereof is the Subscriber's principal residence if the Subscriber is an individual or its principal business address if it is a corporation or other entity.

4.10 Authority. The Subscriber represents that he, she or it has full power and authority (corporate, statutory and otherwise) to execute and deliver this Agreement and to purchase the Units. This Agreement constitutes the legal, valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms.

4.11 Entity. If the Subscriber is a corporation, company, trust, employee benefit plan, individual retirement account, Keogh Plan, or other tax-exempt entity, it is authorized and qualified to become an investor in the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

4.12 Foreign Investors. If the Subscriber is not a United States citizen, such Subscriber hereby represents that he/she/it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Units or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Units, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Units. Such Subscriber's subscription and payment for, and his, her or its continued beneficial ownership of the Units, will not violate any applicable securities or other laws of the Subscriber's jurisdiction.

5. Limitations on Transfer.

5.1 The Units are restricted as to transfer by the terms of the Operating Agreement and as set forth in this Agreement.

6. Miscellaneous.

6.1 Survival of Representations and Warranties. The warranties, representations and covenants of the Company contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing for a period of one (1) year following the last Closing.

6.2 Governing Law. NOTWITHSTANDING THE PLACE WHERE THIS AGREEMENT MAY BE EXECUTED BY ANY OF THE PARTIES HERETO, THE PARTIES EXPRESSLY AGREE THAT ALL THE TERMS AND PROVISIONS HEREOF SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ARIZONA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

6.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices.

(a) All notices, requests, demands and other communications under this Agreement or in connection herewith shall be given to or made upon the respective parties as follows: if to the Subscribers, to the addresses set forth on the signature page hereto, or, if to the Company, to 6534 N. 27th Avenue, Phoenix, Arizona 85017.

(b) All notices, requests, demands and other communications given or made in accordance with the provisions of this Agreement shall be in writing, and shall be sent by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to be given or made when receipt is so confirmed.

(c) Any party may, by written notice to the other, alter its address or respondent, and such notice shall be considered to have been given ten (10) days after the airmailing, telexing or telecopying thereof.

6.6 Brokers.

(a) Each Subscriber severally represents and warrants that it has not engaged, consented to or authorized any broker, finder or intermediary to act on its behalf, directly or indirectly, as a broker, finder or intermediary in connection with the transactions contemplated by this Agreement. Each Subscriber hereby severally agrees to indemnify and hold harmless the Company from and against all fees, commissions or other payments owing to any such person or firm acting on behalf of such Subscriber hereunder. The Company will pay finder's fees only in compliance with applicable law.

(b) The Company agrees to indemnify and hold harmless the Subscribers from and against all fees, commissions or other payment owing by the Company to any other person or firm acting on behalf of the Company hereunder.

6.7 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

6.8 Third Parties. Nothing in this Agreement shall create or be deemed to create any rights in any person or entity not a party to this Agreement.

6.9 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent

of the Company and Subscribers holding a majority in interest of the Units purchased in the offering.

6.10 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

6.11 Entire Agreement. This Agreement, the Offering Documents and the Prospective Investor Questionnaire constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

SIGNATURE PAGE FOLLOWS

[SUBSCRIBER PAGE FOR ENTITIES/TRUSTS]

The subscriber below hereby agrees to make a cash contribution in the sum of $_____ (the minimum investment is $100,000 for Class A-1 Members, and $250,000 for Class A-2 Members) as subscriber's initial capital contribution to the Company, which represents funds needed for the operations of the Company.

SUBSCRIBER:

_____
(Print or Type Name of Subscriber)

_____	_____
(Print or Type Name of Signatory)	(Print or Type Name of Second Signatory, if applicable)
_____	_____
(Signature)	(Second Signature, if applicable)
_____	_____
(Title of Signatory)	(Title of Second Signatory, if applicable)

Address: _____
_____
_____
Telephone: _____
Facsimile: _____
Tax I.D.#: _____

All the information that I consider necessary and appropriate for deciding whether to purchase the interest hereunder has been provided to me, and, I have had an opportunity to ask questions and receive answers from the Company to verify the accuracy of the information supplied or to which I had access. I acknowledge that I am solely responsible for my own "due diligence" investigation of the Company, for my own analysis of the merits and risks of my own investment made pursuant to this purchase and for my own analysis of the fairness and desirability of the terms of this investment. I hereby acknowledge that the investment is a speculative investment. I represent that I have such knowledge and experience in financial business matters and that I am capable of evaluating the merits and risks of the investment contemplated hereunder and that I have the ability to risk losing my entire investment.

This Subscription Agreement is agreed to and accepted as of _____.

SW Opportunity Fund IV, LLC
an Arizona limited liability company

By: Its Manager(s)

SW Opportunity Fund MGR, LLC

By:_____
George Drew Gibson III, Co-Manager

By:_____
Susanna Reust, Co-Manager

EXHIBIT D

BUSINESS PLAN