

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

of

HORIZON RESIDENTIAL INCOME FUND I, LLC

a Delaware limited liability company

This Limited Liability Company Operating Agreement (“**Agreement**”) of Horizon Residential Income Fund I, LLC, a Delaware limited liability company (“**Company**”), is by and among FTF Capital Management, LLC, a Delaware limited liability company (“**Initial Member**” or “**Manager**”), and each additional Person who becomes a Member, in accordance with the provisions of this Agreement. Any capitalized terms used herein, but not defined, shall have the meaning ascribed to them in the Private Placement Memorandum, dated February 1, 2023 (“**Memorandum**”).

RECITALS

The Company is a limited liability company formed under the Delaware Limited Liability Company Act, Del. Code Ann. Tit. 6, § 18-101, et seq., as amended. The parties to this Agreement are the Managers and those additional Persons who are subsequently admitted as Members, in accordance with the provisions of this Agreement. The parties intend by this Agreement to define their rights and obligations with respect to the Company’s governance and financial affairs, and to adopt regulations and procedures for the conduct of the Company’s activities. Accordingly, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

ARTICLE 1: DEFINITIONS

1.1 **Scope.** For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is expressed or intended, all capitalized terms used herein have the meanings specified in this Article 1.

1.2 **Defined Terms.**

(a) “**Act**” means the Delaware Limited Liability Company Act, Del. Code Ann. Tit. 6, § 18-101, et seq., as amended.

(b) “**Affiliate**,” with respect to a Person, means (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Affiliate, (2) a Person who owns or controls at least Ten Percent (10%) of the outstanding voting interests of the Affiliate, (3) a Person who is an officer, director, manager, or general partner of the Affiliate, or (4) a Person who is an officer, director, manager, general partner, trustee, or owner of at least Ten Percent (10%) of the outstanding voting interests of an Affiliate described in clauses (1) through (3) of this sentence.

(c) “**Agreement**” means this Agreement, including any subsequent amendments thereto.

(d) “**Bankruptcy**” means the filing of a petition seeking liquidation, reorganization, arrangement, readjustment, protection, relief, or composition in any state or federal bankruptcy, insolvency, reorganization, or receivership proceeding.

(e) “**Capital Account**” of a Member means the capital account maintained for such Member. The balance of the Capital Account of a Member, determined as set forth in Section 4.6 below, shall herein be referred to as the “**Capital Account Balance**.”

(f) “**Certificate**” means the Certificate of Formation filed with the Secretary of State to organize the Company as a limited liability company, including any subsequent amendments thereto.

(g) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

(h) “**Contribution**” means anything of value that a Member contributes to the Company as a prerequisite for, or in connection with, membership, including (without limitation) any combination of cash, property, services rendered, a promissory note, or any other obligation to contribute cash or property or render services.

(i) “**Dissociation**” means a complete termination of a Member’s membership in the Company due to an event described in Article 3 hereof.

(j) “**Distribution**” means the Company’s direct or indirect transfer of money or other property to a Member with respect to a Membership Interest.

(k) “**Effective Date**” means the date on which the Company’s existence as a limited liability company begins, as prescribed by the Act.

(l) “**Entity**” means an association, relationship, or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative, or association.

(m) “**Family**,” with respect to a Member, means any individual(s) who is related to the Member by blood, marriage, or adoption. For the purposes of this definition, an individual is related to the Member by marriage if the person is related by blood or adoption to the Member’s current spouse.

(n) “**Initial Member**” means the persons identified above as the Initial Member.

(o) “**Majority**” means more than Fifty Percent (50%) of the outstanding Membership Interests in the Company.

(p) “**Manager**” means a Person who is vested with authority to manage the Company, in accordance with Article 5 hereof.

(q) “**Member**” means any Initial Member or any Person who is admitted as an additional or a substitute Member after the Effective Date, in accordance with Article 3 hereof.

(r) “**Member Nonrecourse Debt**” means “partner nonrecourse debt” as defined in Regulations Section 1.704-2(b)(4);

(s) “**Member Nonrecourse Deductions**” means “partner nonrecourse deductions” as defined in Regulations Section 1.704-2(i);

(t) “**Membership Interest**” means a Member’s percentage interest in the Company.

(u) “**Memorandum**” shall mean the Private Placement Memorandum of the Company, dated as of February 1, 2023.

(v) “**Minimum Gain**” means minimum gain as defined in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

(w) “**Net Profits**” means the Company’s quarterly gross revenue less (1) the Company’s quarterly operating expenses (including payment of outstanding debt [if any], administrative costs, legal expenses, and accounting fees), (2) an allocation of income for valuation allowance, (3) payment of the Asset Management Fee and other compensation to the Manager, and (4) payment of the Preferred Return to the Members.

(x) “**Net Asset Value**” or “**NAV**” means with respect to the Fund and/or the Sub-REIT, the excess of the Fund and/or Sub-REIT’s total assets over its total liabilities as determined in accordance with the Fund’s policies and procedures associated with valuation of assets, which shall be on a fair value basis in accordance with U.S. GAAP.

(y) “**Originator**” refers to the Company, the Manager, an Affiliate, and/or any third-party who originates, funds, sells, or brokers Company loans.

(z) “**Permitted Transferee**,” with respect to a Member, means another Member, a member of the Member’s Family, or a trust for the benefit of the Member or a member of the Member’s Family.

(aa) “**Person**” means a natural person or an Entity.

(bb) “**Profit**,” as to a positive amount, and “**Loss**,” as to a negative amount, mean, for a Taxable Year, the Company’s income or loss for the Taxable Year, as determined in accordance with accounting principles appropriate to the Company’s method of accounting and consistently applied.

(cc) “**Regulations**” means proposed, temporary, or final regulations promulgated under the Code by the U.S. Department of the Treasury, as amended from time to time.

(dd) “**Servicer**” refers to the servicer of the Company loans.

(ee) “**Subscription Agreement**” means the Subscription Agreement included as Exhibit B to the Memorandum.

(ff) “**Taxable Year**” means the Company’s taxable year as determined in Article 6 hereof.

(gg) “**Transfer**,” as a noun, means a transaction or event by which ownership of any Membership Interest is changed or encumbered, including, without limitation, a sale, exchange, abandonment, gift, pledge, or foreclosure. “Transfer,” as a verb, means to affect a Transfer.

(hh) “**Transferee**” means a Person who acquires any Membership Interest by Transfer from a Member or another Transferee not admitted as a Member, in accordance with Article 3 hereof.

ARTICLE 2: THE COMPANY

2.1 **Status.** The Company is a limited liability company organized in the State of Delaware under the Act.

2.2 **Name.** The name of the Company is Horizon Residential Income Fund I, LLC, a Delaware limited liability company.

2.3 **Term.** The Company's existence as a limited liability company will commence on the Effective Date and continue until dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein.

2.4 **Purpose.** The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act; subject to the foregoing, the Company presently intends to raise money through the offering of Membership Interest ("**Offering**") in order to make, purchase, originate, fund, acquire and/or otherwise sell loans secured by interests in real or personal property located in United States. The Company may also manage, remodel, repair, lease, and/or sell real properties acquired through the Company's lending activities, including but not limited to, properties acquired through foreclosure and real estate owned ("**REOs**"). In addition, the Company intends to establish a real estate investment trust ("**REIT**") in the form of a subsidiary (the "**Sub-REIT**").

2.5 **Principal Place of Business.** The Company's principal place of business is located at: 1300 E 9th Street Suite 800, Cleveland, Ohio 44114.

2.6 **Registered Agent and Registered Office.** The Company's registered office in the State of Delaware is located at: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 and its registered agent at that location is The Corporation Trust Company. The Company may change its registered agent or registered office at any time for any reason (or no reason).

ARTICLE 3: MEMBERSHIP

3.1 Identification.

(a) **Membership.** The Manager will be the Initial Member of the Company. The Manager may choose to invest capital into the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing its interest in the Company on the same basis as any other person.

(b) **Additional and Substitute Members.** The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Agreement, as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement, along with payment in the amount of such investment.

(c) **Rights of Additional or Substitute Members.** A Person admitted as an additional or substitute Member has all the rights and powers, and is subject to all the restrictions and obligations, of a Member under this Agreement and the Act.

3.2 **Withdrawal.** Members may not withdraw or redeem their Membership Interests until Twelve (12) months from the purchase of said Membership Interests. Members who have been Members of the Company for a period longer than Twelve (12) months may request withdrawal (the "**Withdrawal Request**") from the Company by providing prior written notice no later than Ninety (90) days from the intended date of withdrawal from the Company. All Withdrawal Requests must be made in writing and include the intended date of withdrawal (the "**Withdrawal Date**") and the specific balance of Membership Interests the Member seeks to withdraw and redeem (the "**Withdrawal Balance**"). The withdrawal date

shall be effective upon Manager's approval of the Member's Withdrawal Request (the "***Effective Withdrawal Date***"). Members shall receive any and all distributions or distributable proceeds as set forth herein for all Membership Interests until those Membership Interests are fully redeemed and the associated contributions withdrawn.

The Company will use its best efforts to honor Withdrawal Requests subject to, among other things, the Company's then cash flow, financial condition, and prospective transactions in assets. Any and all returns of contributions associated with Withdrawal Requests shall be processed at the Manager's discretion and in the best interest of the Company. With respect to facilitating or accommodating any Member's request for withdrawal from the Company, the Company and the Manager are not under any circumstances, obligated to (1) liquidate any assets in any efforts to accommodate or facilitate any Member's request for withdrawal from the Company; or (2) cease business operations of the Company, including but not limited to funding, making or acquiring new loans or real property, provided the Manager, in its sole and absolute discretion, determines that such activity is in the best interest of the Company.

The Company shall deliver the Withdrawal Balance on a limited basis, as follows: Twenty Five Percent (25%) of such Member's Withdrawal Balance, remitted quarterly, such that it will take at least Four (4) quarters for a Member to withdraw the total Withdrawal Balance. Any remittance of a Member's Withdrawal Balance shall be made on the first day of the month.

The foregoing shall be limited by the following restrictions: (1) The maximum aggregate amount of Withdrawal Requests that the Company will process each fiscal year is limited to Ten Percent (10%) of the total outstanding contributions to the Company, or One Million Dollars (\$1,000,000), whichever is less. Notwithstanding the foregoing, the Manager may, in its sole and absolute discretion, waive or modify such withdrawal requirements. Members who wish to withdraw before they have been Members for Twelve (12) months ("***Early Withdrawal***") can only withdraw if the Member produces evidence of undue hardship, and the Manager permits Early Withdrawal, in its sole and absolute discretion. Acceptability of a Member's hardship will be determined by the Manager, in its sole and absolute discretion. Members who request Early Withdrawal will be subject to a penalty of Three Percent (3%) of the Member's withdrawal proceeds. The Manager may, at its sole discretion, waive an Early Withdrawal penalty.

It is presently intended that after April 1, 2026, the limitations on Withdrawal Requests described in the preceding paragraphs (with the exception of the Manager's right to suspend withdrawals) shall be removed, and upon the Manager's approval, Withdrawal Requests shall be processed on a pro-rata basis as the Company's loans mature and are paid off.

The Manager may, at any time, suspend the withdrawal of Membership Interests from the Company, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions, or circumstances beyond the control or responsibility of the Manager or the Company, disposal of the assets of the Company is not reasonably practicable without being detrimental to the interests of the Company or its Members, determined in the sole and absolute discretion of the Manager; (ii) it is not reasonably practicable to determine the NAV of the Company on an accurate and timely basis; or (iii) if the Manager has determined to dissolve the Company.

Notice of any suspension will be given within Ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a Withdrawal Request, and to whom full payment of the redemption proceeds has not yet been remitted. If a withdrawal request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the last day of the calendar month in which the suspension is lifted, on the basis of the NAV of the Company at that time, and in the order determined by the Manager in its sole and absolute discretion.

3.3 Restrictions on Transfer.

(a) Restrictions on Transfer. A Member may Transfer his, her, or its Membership Interest only in compliance with this Article 3. Restrictions have been placed upon the ability of all Members to resell or otherwise dispose of any Membership Interest obtained or acquired hereunder, including, without limitation, the following:

(1) The Membership Interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended ("**Act**"), in reliance upon the exemptions provided for under Section 4(2) and Regulation D thereunder.

(2) There is no public market for the Membership Interests and none is expected to develop in the future. Even if a potential buyer could be found, Membership Interests may not be resold or transferred without satisfying certain conditions designed to comply with applicable tax and securities laws, including, without limitation, provisions of the Act, Rule 144 thereunder, and the requirement that certain legal opinions be provided to the Manager with respect to such matters. A transferee must meet the same investor qualifications as the Members admitted during the Offering Period. Any potential buyer must be capable of bearing the economic risks of this investment, with the understanding that Membership Interests may not be liquidated by resale or redemption, and should expect to hold their Membership Interests as a long-term investment.

(3) A legend will be placed upon all instruments evidencing ownership of Membership Interests in the Company, stating that the Membership Interests have not been registered under the Securities Act of 1933, as amended, and set forth the foregoing limitations on resale. Notations regarding these limitations shall be made in the appropriate records of the Company with respect to all Membership Interests offered hereby. Any Member who transfers, upon the Manager's consent, any Membership Interests to another Person shall, subject to the sole and absolute discretion of the Manager, pay the Manager a transfer fee of at least Five Hundred Dollars (\$500) to cover administrative costs related thereto. If a Member transfers Membership Interests to more than one person, except transferees who will hold title together, the transfer to each person will be considered a separate transfer.

(b) Null and Void. An attempted Transfer of all or a portion of a Membership Interest that is not in compliance with this Article will be null and void. No Membership Interest may be transferred if, in the judgment of the Manager, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the Company as a limited liability company, or cause a termination of the Company for federal income tax purposes.

(c) Permitted Transfers. A Member may, at any time, Transfer one or more Membership Interests to a Permitted Transferee if, as of the date the Transfer takes effect, the Company is reasonably satisfied that all of the following conditions are met:

- (1) the conditions listed above have been met;
- (2) the Transferee is a Person with the same qualifications as the original Member;
- (3) the Transfer, alone or in combination with other Transfers, will not result in the Company's termination for federal income tax purposes;
- (4) the Transfer is the subject of an effective registration under, or exempt from the registration requirements of, applicable state and federal securities laws;

(5) the Company receives from the Transferee the information and agreements reasonably required to permit it to file federal and state income tax returns and reports; and

(6) the Manager receives payment from the Transferee of a transfer fee of Five Hundred Dollars (\$500) for each Transferee.

(d) Transferor's Membership Status. If a Member Transfers less than all of his, her, or its Membership Interest, the Member's rights with respect to the transferred portion of the Membership Interest, including the right to vote or otherwise participate in the Company's governance and the right to receive Distributions, will terminate as of the effective date of the Transfer. However, the Member will remain liable for any obligation with respect to the transferred portion that existed prior to the effective date of the Transfer, including (without limitation) any costs or damages resulting from the Member's breach of this Agreement. If the Member Transfers all of his, her, or its Membership Interest, the Transfer will constitute an event of Dissociation.

(e) Transferee's Status.

(1) Admission as a Member. A Member who Transfers one or more Membership Interests has no power to confer on the Transferee the status of a Member. A Transferee may be admitted as a Member only in accordance with the provisions of this Article. A Transferee who wishes to become a Member must make application in writing to the Company and provide evidence, as requested by the Company, of compliance with all conditions to admission, as set forth above. Prior to admission, each proposed member must execute and deliver a Subscription Agreement, as amended to date, or a separate written agreement to be bound hereby. The Company shall not, without cause, refuse the application for membership of a Transferee who has complied with all the provisions of this Agreement.

(2) Rights of Non-Member Transferee. A Transferee who is not admitted as a Member in accordance with the provisions of this Article: (i) has no right to vote or otherwise participate in the Company's governance; (ii) is not entitled to receive information concerning the Company's affairs or inspect the Company's books and records; (iii) with respect to the transferred Membership Interests, is entitled to receive the Distributions to which the Member would have been entitled had the Transfer not occurred; and (iv) is subject to the restrictions imposed by this Article to the same extent as a Member. Any provision of the Agreement permitting or requiring the Members to take action by vote or written approval of a specified percentage of the Membership Interests shall be deemed to mean only Membership Interests then-owned by Members.

3.4 Expulsion of a Member. At any time, if there are more than Two (2) Members, the Company may expel a Member, but only for cause. Cause for expulsion exists if the Member has materially breached this Agreement, is unable to perform the Member's material obligations under this Agreement, or if the Manager, in its sole and absolute discretion, notwithstanding any of the withdrawal restrictions described herein, suspects the Member has violated federal or state law, rules, and regulations, or the Member is under investigation by the federal, state, and/or local authorities. If a Member is expelled, that Member forfeits any and all rights to any accrued distribution during the interim quarter, whether or not the withdrawal is partial or total. A Member's expulsion from the Company will be effective upon the Member's receipt of written notice of the expulsion.

3.5 Return of Capital. Subject to the terms contained herein, the Company may return all or a portion of a Member's capital, at the Manager's discretion. Any such return of capital would not be considered a Distribution and would not be included in the determination of such Member's return on investment. However, any such return of capital would reduce the Member's Membership Interest in the

Company. Thus, if the Manager elects to return all of a Member's capital, the Member shall no longer be a Member in the Company, and the Member would be considered to have withdrawn or to have elected redemption from the Company.

3.6 Upon Dissociation. Dissociation from the Company occurs upon a Member's expulsion, transfer, or redemption of all of the Member's Membership Interests, or withdrawal or resignation (an "***Event of Dissociation***"). Upon the occurrence of an Event of Dissociation: (1) the Member's right to participate in the Company's governance, receive information concerning the Company's affairs, and inspect the Company's books and records will terminate; and (2) unless the Dissociation resulted from the Transfer of the Member's Membership Interests, the Member will be entitled to receive the Distributions to which the Member would have been entitled to as of the effective date of the Dissociation, had the Dissociation not occurred until the Member has fully redeemed or withdrawn its Membership Interests in accordance with the terms herein. The Member will remain liable for any obligation to the Company that existed prior to the effective date of the Dissociation, including any costs or damages resulting from the Member's breach of this Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the Company, unless the Manager elects to return capital to a Member. The effect of such Dissociation on the remaining Members who do not sell will be to increase their percentage share of the remaining assets of the Company, and thus their proportionate share of its future earnings, losses, and Distributions. The reduction in the outstanding Membership Interests will also increase the relative voting power of remaining Members.

3.7 Verification of Membership Interest. Within Thirty (30) days after receipt of a Member's written request, the Company will provide such Member with a statement evidencing his, her, or its Membership Interest in the Company.

3.8 Manner of Action by Members.

(a) Meetings.

(1) Right to Call. The Manager, or any combination of Members holding in the aggregate more than Twenty-Five Percent (25%) of the total outstanding Membership Interest, may call a meeting of Members by giving written notice to all Members not less than Thirty (30) days, or more than Sixty (60) days prior to the date of the meeting. The notice must specify the date, time, and place of the meeting, and the nature of any business to be transacted. A Member may waive notice of a meeting of Members orally, in writing, or by attendance at the meeting.

(2) Time and Place. Unless otherwise specified in the notice of meeting, all meetings shall be held at 2:00 p.m. on a regular business day of the Company, at the Company's principal place of business. No meeting may be held on a Sunday or legal holiday, at a time that is before 7:30 a.m. or after 9:00 p.m., or at a place more than Sixty (60) miles from the Company's principal place of business.

(3) Proxy Voting. A Member may act at a meeting of Members through a Person authorized by signed proxy.

(4) Quorum. Members whose aggregate holdings exceed a Majority of the outstanding Membership Interest will constitute a quorum at a meeting of Members. No action may be taken in the absence of a quorum.

(5) Required Vote. Except with respect to matters for which a greater minimum vote is required by the Act or this Agreement, the vote of Members present whose aggregate

holdings exceed a Majority of the outstanding Membership Interests will constitute the act of the Members at a meeting of Members.

(b) Written Consent. The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate holdings of the Membership Interest equal or exceed the minimum that would be necessary to take the action at a meeting at which all Members were present.

3.9 Limitation on Individual Authority. A Member who is not also the Manager has no authority to bind the Company. A Member whose unauthorized act obligates the Company to a third party will indemnify the Company for any costs or damages the Company incurs as a result of the unauthorized act.

3.10 Negation of Fiduciary Duties. A Member who is not also the Manager owes no fiduciary duties to the Company or to the other Members, solely by reason of being a Member.

ARTICLE 4: FINANCE

4.1 Contributions.

(a) Initial Member. The Manager will be the Initial Member of the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing or decreasing its interest in the Company on the same basis as any other person or entity.

(b) Additional Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person, for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Agreement, as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement, along with payment in the amount of such investment. Members' subscription funds will be released to the operating bank account of the Company, and Membership Interests will be issued to such Members.

(c) Additional Contributions. The Company may authorize additional Contributions at such times and on such terms and conditions as it determines to be in its best interest. Absent the Company's authorization, no Member is permitted to make additional Contributions.

(d) Contributions Not Interest Bearing. A Member is not entitled to interest or other compensation with respect to any cash or property the Member contributes to the Company.

4.2 Allocation of Profit and Loss; Regulatory Allocations.

(a) Allocation of Profit and Loss. Except as otherwise provided in this Agreement, for each Taxable Year (or portion thereof), Profit and Loss (and, to the extent necessary, individual items of income, gain, loss or deduction) of the Company shall be allocated among the Members in a manner such that, after giving effect to the special allocations set forth in Sections 4.2(b)(iii) and 4.2(b)(iv) the Capital Account Balance of each Member, immediately after making such allocations, is, as nearly as possible, equal to (i) the Distributions that would be made to such Member pursuant to Sections 4.4 and 7.2(b) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their book value, all Company liabilities were satisfied, and the net assets of the Company were distributed, in accordance with Sections 4.4 and 7.2(b), to the Members immediately after making such allocations, minus (ii) such Member's share of Member Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed

immediately prior to the hypothetical sale of assets, minus (iii) in the case of the Manager, any obligation of the Manager to make a capital contribution to the Company if the Company were liquidated at such time. Notwithstanding the foregoing, the Manager may make such allocations as it deems reasonably necessary to give economic effect to the provisions of this Agreement taking into account such facts and circumstances as the Manager deems reasonably necessary for this purpose.

(b) Regulatory Allocations. Notwithstanding the provisions of Section 4.2(a) above:

i. Minimum Gain Chargeback. If there is a net decrease in Member Minimum Gain (determined according to Treasury Regulation Section 1.704-2(d)(1)) during any Taxable Year, each Member shall be specially allocated Profit for such Taxable Year (and, if necessary, subsequent Taxable Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). The items to be so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 4.2(b) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

ii. Member Minimum Gain Chargeback. If there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Taxable Year, each Member with a share of such Member Nonrecourse Debt Minimum Gain (determined according to Treasury Regulation Section 1.704-2(i)(5)) shall be specially allocated Profit for such Taxable Year (and, if necessary, subsequent Taxable Years) in an amount equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain. The items to be so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j). This Section 4.2(b)(ii) is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

iii. Nonrecourse Deductions. Nonrecourse Deductions for any Taxable Year shall be allocated to the Members in accordance with their respective Membership Interests.

iv. Member Nonrecourse Deductions. Member Nonrecourse Deductions for any Taxable Year shall be allocated to the Member or Members that bear the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in the manner required by Treasury Regulation Section 1.704-2(i).

v. Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), Profit shall be specially allocated to such Member in an amount and manner sufficient to eliminate the deficit balance in its Capital Account created by such adjustments, allocations, or distributions as quickly as possible. This Section 4.2(b)(v) is intended to comply with the qualified income offset requirement in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

4.3 Tax Allocations. For federal income tax purposes, unless the Code otherwise requires, each item of the Company's income, gain, loss, or deduction will be allocated to the Members in proportion to their allocations of the Company's Profit or Loss.

4.4 Distributions.

(a) The Preferred Return. Members will generally be eligible to receive a non-cumulative annualized preferred return ("**Preferred Return**") on their investment, calculated and payable

on a quarterly basis (and prorated as applicable for the amount of time that a Member was a member of the Company). The Preferred Return will be payable prior to any profit participation by the Manager (however, all expenses and fees other than profit participation will be paid to the Manager prior to the Preferred Return). The Preferred Return for any Member shall be equal to an annualized rate of Eight Percent (8%) of a Member's unreturned Contribution, calculated and payable on a quarterly basis. All Preferred Returns shall be distributed after payment of all expenses and fees and to the extent that cash is available, and provided that such distribution will not impact the continuing operations of the Company, as determined by the Manager in its sole and absolute discretion. If the Company is unable to pay to Members the full Preferred Return in any accounting period, the shortfall shall neither cumulate nor compound into the following accounting period, and the Company shall not be required to pay the shortfall in any succeeding accounting period. From the Company's launch through the Company's first full calendar quarter (the "**Initial Period**"), the Preferred Return shall accrue (prorated as applicable for the amount of time that a member was a Member of the Company), and distributions of the Preferred Return are intended to begin after the Initial Period, in arrears. In addition, in the event that the Company does not have funds available to pay the Preferred Return, the payment of the Preferred Return may be delayed until such funds are available, at the sole and absolute discretion of the Manager.

(b) Distribution of Net Profits. Any Net Profits in excess of the Preferred Return shall be distributed to Members on a quarterly basis as follows: Eighty Percent (80%) of the Net Profits of the Company shall be distributed to the Members on a pro-rata basis, and Twenty Percent (20%) of the Net Profits shall be distributed to the Manager. More specifically, the Company's income shall be distributed as follows:

(1) First, to pay the Company's operating expenses including, without limitation, payment of outstanding debt (if any), administrative costs, legal expenses, and allocation of income for valuation allowance (as applicable);

(2) Second, to pay the Asset Management Fee;

(3) Third, to distribute the Preferred Return to the Members; and

(4) Thereafter, Eighty Percent (80%) of the Net Profits shall be distributed to the Members on a pro-rata basis based on each Member's Membership Interests, and Twenty Percent (20%) of the Net Profits shall be distributed to the Manager.

Any distribution of Net Profits will be made on a quarterly basis, in arrears, and distributions to Members shall be prorated as applicable for the amount of time a Member is a member of the Company during the applicable accounting period. Net Profits shall accrue during the Initial Period, and distributions of Net Profits are intended to begin after the Initial Period, in arrears (and shall be prorated as applicable for the amount of time a Member is a member of the Company).

(c) By the end of the Company's fiscal year, the Manager will make every effort to have distributed to each Member the amount of Profit or Loss that will be allocated to that Member on the Schedule K-1 that he, she, or it receives for income tax reporting. However, the amount of income reported to each Member on his, her, or its Schedule K-1 may differ somewhat from the actual cash Distributions made during the fiscal year covered by the Schedule K-1, due to, among other things, the loan loss reserve, and factors unique to the tax accounting of limited liability companies, such as the treatment of investment expense.

4.5 [Reserved.]

4.6 Capital Accounts.

(a) General Maintenance. The Company will establish and maintain a Capital Account for each Member. A Member's Capital Account Balance will be:

(1) increased by: (i) the amount of any money the Member contributes to the Company's capital; and (ii) the Member's share of the Company's Profits and any separately stated items of income or gain; and

(2) decreased by: (i) the amount of any money the Company distributes to the Member; and (ii) the Member's share of the Company's Losses and any separately stated items of deduction or loss.

(b) Transfer of Capital Account. A Transferee of Membership Interests succeeds to the portion of the transferor's Capital Account that corresponds to the portion of the Membership Interest that is the subject of the Transfer.

(c) Compliance with Code. The requirements of this Article are intended, and will be construed, to ensure that the allocations of the Company's income, gain, losses, deductions, and credits have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code.

ARTICLE 5: MANAGEMENT

5.1 **Representative Management.** The Company will be managed by One (1) Manager. By execution of this Agreement, and without prejudice to the right of the Members to remove the Manager as set forth in Article 5, the Initial Members and each Person hereafter admitted as a Member other than Transferees, shall be deemed to have elected such Manager. The initial manager of the Company shall be: FTF Capital Management, LLC, a Delaware limited liability company.

5.2 **Time Devoted to Business.** The Manager will devote to the Company's activities the amount of time reasonably necessary to discharge the Manager's responsibilities.

5.3 Powers and Authority.

(a) General Scope. Except for matters on which the Members' approval is required by the Act or this Agreement, the Manager has full power, authority, and discretion to manage and direct the Company's business, affairs, and properties, including the specific powers referred to in paragraph (b), below.

(b) Specific Powers.

(1) The Manager is authorized, on the Company's behalf, to make all decisions as to (i) the development, sale, lease, or other disposition of the Company's assets; (ii) the origination and purchase of loans or any other assets of all kinds; (iii) the acquisition, purchase, leasing, and/or sale of properties or any other assets of all kinds; (iv) the management of all, or any part, of the Company's assets and business; (v) the borrowing of money and the granting of security interests in the Company's assets (including loans from Members) as, and only if, provided for in the Memorandum; (vi) the prepayment, refinancing, or extension of any mortgage affecting the Company's assets; (vii) the compromise or release of any of the Company's claims or debts; (viii) the employment of Persons for the operation and

management of the Company's business; (ix) wind up and dissolve the Company in accordance with Article 7 below; and (x) all elections available to the Company under any federal or state tax law or regulation.

(2) The Manager, on the Company's behalf, may execute and deliver (i) all contracts, conveyances, assignments, leases, subleases, franchise agreements, licensing agreements, management contracts, and maintenance contracts covering or affecting the Company's assets; (ii) all checks, drafts, and other orders for the payment of the Company's funds; (iii) all loan documents including, without limitation, promissory notes, mortgages, deeds of trust, security agreements, and other similar documents; (iv) all articles, certificates, and reports pertaining to the Company's organization, qualification, and dissolution; (v) all tax returns and reports; and (vi) all other instruments of any kind or character relating to the Company's affairs.

5.4 Required Member Approval. Except as specifically provided herein, without the approval of the Members holding a Majority of the issued and outstanding Membership Interests, the Company may not take any action with respect to: (a) the Company's merger with, or conversion into, another Entity; (b) a transaction not expressly permitted by this Agreement or Memorandum, involving a conflict of interest between the Manager and the Company.

5.5 Duties of Manager.

(a) Fiduciary Duty. The Manager shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in the Manager's possession or control. Except as expressly permitted herein or by subsequent approval of the Members, the Manager shall not employ or permit another to employ Company funds or assets in any manner, except for the exclusive benefit of the Company.

(b) Standard of Care.

(1) Exculpation. The Manager will not be liable to the Company or any Member for an act or omission done in good faith to promote the Company's best interests, unless the act or omission constitutes gross negligence, fraud, bad faith, intentional misconduct, or a knowing violation of law.

(2) Justifiable Reliance. The Manager may rely on the Company's records maintained in good faith, and on information, opinions, reports, or statements received from any Person pertaining to matters the Manager reasonably believes to be within the Person's expertise or competence.

(c) Competing Activities. The Manager may participate in any business or activity without accounting to the Company or the Members. Each Member waives the benefit of the corporate opportunity doctrine on his or her own behalf, and on behalf of the Company, and agrees that the Manager may deal in other real estate transactions for its own account and/or for the accounts of others, without any requirement to account to the Company for such dealings.

(d) Self-Dealing. In addition to the transactions expressly permitted by this Agreement, the Manager may enter into business transactions with the Company, if the terms of the transaction are no less favorable to the Company than those of a similar transaction with an independent third party, including, without limitation, selling loans to, and buying loans from, the Company.

(e) Specific Transactions. The Manager shall be permitted to bargain for, and accept any transactions in connection with the business activities of the Company, subject to the terms of any other agreement among the Members.

5.6 Indemnification of Manager. Except as limited by law, the Company shall indemnify the Manager for all expenses (including, without limitation, legal fees and costs), losses, liabilities, and damages the Manager actually and reasonably incurs in connection with the defense or settlement of any action arising out of, or relating to, the conduct of the Company's activities, except an action with respect to which the Manager is adjudged to be liable for fraud, bad faith, willful misconduct, and/or breach of a fiduciary duty owed to the Company or the Members, under the Act or this Agreement. Therefore, Members may have a more limited right of action than they would have, absent these provisions in the Agreement. The Company shall advance the costs and expenses of defending actions against the Manager arising out of, or relating to, the management of the Company, provided that it first receives the written undertaking of the Manager to reimburse the Company, if ultimately found not to be entitled to indemnification. A successful indemnification of the Manager, or any litigation that may arise in connection with the Manager's indemnification, could deplete the assets of the Company. Members who believe the Manager has engaged in conduct resulting in fraud, willful misconduct, bad faith, or breach of the Manager's fiduciary duty, should consult with their own legal counsel.

5.7 Compensation to Manager and Affiliates. The Company will compensate the Manager, the Originator, Affiliates, and/or third-parties as follows, for services rendered to, or on behalf of, the Company:

(a) Asset Management Fee. The Manager shall earn an Asset Management Fee equal to One Percent (1%) of Net Asset Value, calculated and accrued monthly at the beginning of each month, and payable quarterly.

(b) Profit Participation. The Manager shall participate in the distribution of Net Profits as follows: the Manager shall receive Twenty Percent (20%) of the Net Profits. Net Profits shall be distributed on a quarterly basis.

(c) Loan Origination Fees, Exit Fees, and Lender Discount Points. One Hundred Percent (100%) of the loan origination fees, exit fees, and lender discount points shall be payable to the Originator.

(d) Purchase of Existing Loans. When the Company purchases an existing loan (or pool of loans) from a third party, the Originator may be paid a fee comparable to a loan origination fee..

(e) Loan Extension and Modification Fees. Loan extension and modification fees are collected from borrowers and shared as follows: Fifty Percent (50%) of the loan extension and modification fees shall be payable to the Manager, Originator, and/or Servicer (as applicable) and Fifty Percent (50%) of the fees shall be payable to the Company.

(f) Loan Processing, Loan Documentation, and other Similar Fees. Loan processing, documentation, and other similar fees are collected from the borrower and payable to the Manager, Originator, and/or Servicer, as applicable, at prevailing industry rates.

(g) Loan Servicing Fee. Any loan servicing fees payable to the Servicer shall be calculated as an expense to the Company. Should the Manager elect to service the loans itself, or the Manager elects to appoint an Affiliate to service the loans, the Manager may elect to charge a loan servicing fee. This fee shall be collected monthly from the payments received by the Company and/or the Sub-REIT from the borrowers. In the event of a foreclosure, the Servicing Fee may be increased. Notwithstanding the foregoing, the loan servicing fee may vary from loan to loan.

(h) Other Loan Fees. All other fees paid by borrowers on account of the Company and/or the Sub-REIT loans will be shared between the Manager and/or Originator, as applicable, and the Company as follows: Fifty Percent (50%) of the other loan fees shall be payable to the Manager and/or Originator, as applicable and the remaining Fifty Percent (50%) shall be payable to the Company.

(i) Fees Related to REOs. To the extent applicable, the Manager or its Affiliates shall be entitled to any fees derived from REOs, which includes, without limitation, any real estate commissions, property management fees, and/or fees accrued in connection with the REOs. The Manager or its Affiliates will receive fees at rates customarily charged for similar services by companies engaged in the same or substantially similar activities in the relevant geographical area.

(j) Operating Expenses. The Manager shall be entitled to reimbursement by the Company and/or the Sub-REIT (but only to the extent that Company assets are sufficient therefor) for reasonable and necessary out-of-pocket expenses incurred by the Manager, on behalf of the Company and/or the Sub-REIT. Further, the Company and/or the Sub-REIT shall reimburse the Manager and its Affiliates for any reasonable formation, accounting, analyst, banking, transactional fees, and legal costs incurred in connection with the formation of the Company and/or the Sub-REIT, and the capital raising activities undertaken by the Company.

(k) The Company will bear the cost of the annual tax preparation of the Company's tax returns, any state and federal income tax due, and any required independent audit reports required by agencies governing the business activities of the Company.

(l) The definition of Manager's Fees includes all of the fees described in "Compensation to Manager and Affiliates."

(m) The Manager may, but has no obligation to, defer all or a portion of the Manager's Fees. In such event, the Manager will be entitled to recover the deferred fees at a later time.

5.8 **Tenure.**

(a) Term. The Manager will serve until the earlier of (1) the Manager's resignation; (2) the Manager's removal; (3) as to a Manager who is a natural person, the Manager's death or adjudication of incompetency; and (4) as to a Manager that is an Entity, the Manager's dissolution. In any such event, Members representing a Majority of the Membership Interest outstanding, shall promptly elect a successor as the Manager. However, if the then-Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager, without Member approval.

(b) Resignation. The Manager, at any time, may resign by written notice delivered to the Members at Thirty (30) days prior to the effective date of the resignation. Members may elect a replacement Manager with a Majority vote. However, if the then-Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager, without Member approval.

(c) Removal. The Members may remove the Manager if: (1) the Manager is convicted or found liable for an act of gross negligence or fraud, which materially lowers the NAV of the Company, or (2) the holders of at least a Majority of the outstanding Membership Interests vote in favor of such removal. A successor manager of the Company may only be elected by the Members provided that if the then-current Manager appoints an Affiliate as the successor Manager then no vote or consent of the Members shall be required unless expressly mandated by applicable Delaware law.

ARTICLE 6: RECORDS AND ACCOUNTING

6.1 Maintenance of Records.

(a) Required Records. The Company will maintain, at its principal place of business in Ohio, such books, records, and other materials as are reasonably necessary to document and account for its activities, including, without limitation, those required to be maintained by the Act.

(b) Member Access. A Member and the Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records, and other materials pertaining to the Company or its activities, so long as it does not violate another Member's right to privacy or confidentiality. The exercise of such rights will be at the requesting Member's expense.

(c) Confidentiality. No Member or Managers will disclose any information relating to the Company or its activities to any unauthorized person, or use any such information for his or her, or any other Person's, personal gain.

6.2 Financial Accounting.

(a) Accounting Method. The Company will account for its financial transactions using the accrual basis method of accounting. The Manager reserves the right to change such methods of accounting upon written notice to Members.

(b) Taxable Year. The Company's Taxable Year is the calendar year.

6.3 Reports.

(a) Members. Annual reports concerning the Company's business affairs, including the Company's annual income tax return, will be provided to Members who request them in writing. Each Member will receive his, her, or its respective K-1 Form, as required by applicable law. The Manager may, at its sole and absolute discretion, designate any Person to provide tax and accounting advice to the Company, at any time, and for any reason.

(b) Periodic Reports. The Company will complete and file any periodic reports required by the Act, or the law of any other jurisdiction in which the Company is qualified to do business.

6.4 Tax Compliance.

(a) Withholding. If the Company is required by law or regulation to withhold and pay over to a governmental agency any part, or all, of a Distribution or allocation of Profit to a Member:

(1) the amount withheld will be considered a Distribution to the Member; and

(2) if the withholding requirement pertains to a Distribution in kind, or an allocation of Profit, the Company will pay the amount required to be withheld to the governmental agency, and promptly take such action as it considers necessary or appropriate to recover a like-amount from the Member, including offset against any Distributions to which the Member would otherwise be entitled.

6.5 Partnership Representative.

(a) The Members hereby agree that: (i) the Manager (or an individual designated by the Manager) will be designated the initial “partnership representative” within the meaning of Section 6223(a) of the Code (“**Partnership Representative**”), and the Manager shall be authorized to take any actions necessary under Treasury Regulations, or other guidance, to cause such person to be designated as such; (ii) if an entity is designated as Partnership Representative, the Manager shall simultaneously designate an individual who will act for the entity Partnership Representative; (iii) the Partnership Representative may be removed and replaced at any time, by the Manager; (iv) the Company and each Member agree that they shall be bound by the actions taken by the Partnership Representative, as described in Section 6223(b) of the Code; (v) the Members hereby consent to the election set forth in Section 6226(a) of the Code, and agree to take any action and furnish the Partnership Representative with any information necessary to give effect to such election, if the Manager decides to make such election; (vi) any imputed underpayment of tax imposed on the Company pursuant to Section 6232 of the Code (and any related interest, penalties, or other additions to tax) that the Manager reasonably determines is attributable to one or more Members (including any former Member) in the Manager’s sole discretion; and (vii) the Partnership Representative will be considered indemnified, and the provisions of Section 5.6 shall apply to the Partnership Representative. The Partnership Representative shall be authorized to take any of the foregoing actions (or any similar actions) to the extent necessary, to allow the Company to comply with the partnership audit provisions of the Bipartisan Budget Act of 2015.

(b) Regarding the potential obligation of a former Member under this paragraph, the following shall apply: (i) each Member agrees that, notwithstanding any other provision in this Agreement, if it is no longer a Member, it shall nevertheless be obligated for any responsibilities under Section 6.5, as if it were a Member prior to withdrawal from the Company and/or transfer of its interest; and (ii) as applicable, the Manager will not be required to consent to the transfer of interest of any Member, unless the transferee receiving such interest agrees that in the event the transferor of such interest does not fulfill its obligation under the preceding clause (i) within 20 business days following written demand by the Manager, such transferee shall be jointly and severally liable with such transferor for such obligation, and the Manager may thereafter treat the transferee as the relevant Member for purposes of this Subsection. The Partnership Representative will provide prompt written notification to each Member in the event of any audit of the Company by the United States Internal Revenue Service, and provide all information reasonably requested by any Member regarding such audit and associated proceedings. The provisions of this Section 6.5 will not apply to any taxable year of the Company for which the Company has made a valid election out of Subchapter C of Chapter 63 of the Code, pursuant to Section 6221 of the Code.

ARTICLE 7: DISSOLUTION

7.1 **Events of Dissolution.** The Company will continue until (a) dissolved herein pursuant to Section 5.3(b) above; (b) dissolved herein, pursuant to Article 7 below, unless sooner dissolved or terminated under the Act, or as described herein; (c) the sale or other disposition of all, or substantially all, the assets of the Company; (d) any event that makes the Company ineligible to conduct its activities as a limited liability company under the Act; or (e) otherwise, by option of law.

7.2 Effect of Dissolution.

(a) Appointment of Liquidator. Upon the Company's dissolution, the Manager (unless unwilling or unable to serve as such) shall serve as liquidator, and as such will wind up and liquidate the Company in an orderly, prudent, and expeditious manner, in accordance with the following provisions of this Article. While serving as liquidator, the Manager shall have the same authority, powers, duties, and compensation as before dissolution, except that the liquidator shall not acquire any additional assets for the

Company, and shall use its best efforts to liquidate the Company's existing assets as rapidly as is consistent with receiving the fair market value thereof. If the Manager is unwilling or unable to serve as liquidator, or has resigned or been removed, the Members shall elect another person, who may be a Member, to serve as liquidator.

(b) Distributions Upon Dissolution. The Company will not cease to exist immediately upon the occurrence of an event of dissolution, but will continue until its affairs have been wound up. Upon dissolution of the Company, the Manager will wind up the Company's affairs by liquidating the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loan(s), until a suitable sale can be arranged. All funds received by the Company shall be applied to satisfy or provide for Company debts and liabilities, and the balance, if any, shall be distributed to Members on a pro-rata basis.

(c) Time for Liquidation. The Company will not immediately cease to exist upon the occurrence of an event causing its dissolution, but will continue until its affairs have been wound up. It is acknowledged and agreed that the assets of the Company are illiquid and will take time to sell. The liquidator shall liquidate the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loans. Due to high prevailing interest rates or other factors, the Company could suffer reduced earnings (or losses) if a substantial portion of its loan portfolio remains and must be liquidated quickly during the winding up period. Members who sell their Membership Interests prior to any such liquidation will not be exposed to this risk. Conversely, if prevailing interest rates have declined at a time when the loan portfolio must be liquidated, unanticipated profits could be realized by those Members who remained in the Company until its termination.

(d) Final Accounting. The liquidator will make proper accountings, (1) to the end of the month in which the event of dissolution occurred, and (2) to the date on which the Company is finally and completely liquidated.

(e) Duties and Authority of Liquidator. The liquidator will make adequate provision for the discharge of all of the Company's debts, obligations, and liabilities. The liquidator may sell, encumber, or retain for distribution in kind, any of the Company's assets. Any gain or loss recognized on the sale of assets will be allocated to the Members' Capital Accounts, in accordance with the provisions of Article 4. With respect to any asset the liquidator determines to retain for distribution in kind, the liquidator will allocate to the Members' Capital Accounts the amount of gain or loss that would have been recognized, had the asset been sold at its fair market value.

(f) Final Distribution. The liquidator will distribute any assets remaining after the discharge or accommodation of the Company's debts, obligations, and liabilities to the Members, in proportion to their Capital Accounts. The liquidator will distribute any assets distributable in kind to the Members in undivided interests, as tenants in common. A Member whose Capital Account is negative will have no liability to the Company, the Company's creditors, or any other Member, with respect to the negative balance.

(g) Required Filings. The liquidator will file with the appropriate Secretary of State such statements, Certificates, and other instruments, and take such other actions, as are reasonably necessary or appropriate, to effectuate and confirm the cessation of the Company's existence.

ARTICLE 8: GENERAL PROVISIONS

8.1 **Amendments.** The Manager shall have the power, without the consent, vote, or approval of the Members to amend this Agreement except as set forth in Section 8.1(a) below. The Manager shall

provide written notice to the Members of such amendments or similar actions in the next regular communication to the Members.

(a) Notwithstanding Section 8.1, the Manager shall not, without the approval, written consent, or vote of a Majority of the Membership Interests eligible to vote, amend this Agreement with respect to the following:

- i. if such amendment would modify the limited liability of a Member in a manner adverse to such Member or amend this Section 8.1(a)(i);
- ii. if such amendment would create an obligation to make Contributions not contemplated in this Agreement;
- iii. if such amendment would alter or change the distribution and liquidation rights provided herein, except as otherwise permitted under this Agreement;
- iv. make any amendments that would adversely and/or disproportionately affect any Member, including affecting their Capital Account Balance, allocable share of income and loss, increase their allocable share of the Asset Management Fee, except as otherwise permitted under this Agreement; or
- v. amend this Section 8.1(a).

(b) Except as otherwise provided herein, failure of a Member to respond to any proposed amendments, whether by ways of vote or written consent, within Fifteen (15) days after notification is sent, shall be deemed a consent to the Company's proposed amendment.

8.2 Power of Attorney. Each Member appoints the Manager, with full power of substitution, as the Member's attorney-in-fact, to act in the Member's name, to execute and file (a) all Certificates, applications, reports, and other instruments necessary to qualify or maintain the Company as a limited liability company, in the states and foreign countries where the Company conducts its activities, (b) all instruments that effect or confirm changes or modifications of the Company or its status, including, without limitation, amendments to the Certificate, and (c) all instruments of transfer necessary to effect the Company's dissolution and termination. The power of attorney granted by this Article is irrevocable, coupled with an interest, and shall survive the death of the Member.

8.3 Binding Arbitration. ANY DISPUTE, CLAIM, OR CONTROVERSY ARISING OUT OF, OR RELATING TO, THIS AGREEMENT OR THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION, OR VALIDITY THEREOF, INCLUDING (WITHOUT LIMITATION) THE DETERMINATION OF THE SCOPE OR APPLICABILITY OF THIS AGREEMENT TO ARBITRATE, OR ANY OTHER DISPUTE, CLAIM, OR CONTROVERSY ARISING OUT OF ANY INTERACTION BETWEEN THE COMPANY AND A MEMBER, SHALL BE BROUGHT WITHIN ONE YEAR OF ITS ACCRUAL, AND BE DETERMINED BY ARBITRATION IN THE COUNTY OF CUYAHOGA, STATE OF OHIO, BEFORE ONE ARBITRATOR. THE ARBITRATION SHALL BE ADMINISTERED BY JAMS, PURSUANT TO ITS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES [IF THE AMOUNT IN CONTROVERSY EXCEEDS TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000)], OR ITS STREAMLINED ARBITRATION RULES AND PROCEDURES [IF THE AMOUNT IN CONTROVERSY IS LESS THAN, OR EQUAL TO, TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000)]. IF THE ARBITRATION IS A CLASS ARBITRATION, THE AGGREGATE AMOUNT OF THE PURPORTED CLAIMS OF ALL PUTATIVE CLASS MEMBERS SHALL BE USED TO DETERMINE WHICH RULES APPLY. JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THIS CLAUSE SHALL NOT

PRECLUDE PARTIES FROM SEEKING PROVISIONAL REMEDIES IN AID OF ARBITRATION, FROM A COURT OF APPROPRIATE JURISDICTION. THE PREVAILING PARTY IN ANY DISPUTE, CLAIM, OR CONTROVERSY HEREUNDER, SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREOF.

8.4 **Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, facsimile, e-mail, or private courier. The notice must be prepaid and addressed, as set forth in the Company's records. The notice will be effective on the date of receipt, or, in the case of notice sent by first class mail, the Fifth (5th) day after mailing.

8.5 **Resolution of Inconsistencies.** If there are inconsistencies between this Agreement and the Certificate, the Certificate will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement. If there are inconsistencies between this Agreement and the Memorandum, this Agreement will control. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the Company's governance and financial affairs, and the rights of the Members upon Dissociation and dissolution, will supersede the provisions of the Act relating to the same matters.

8.6 **Provisions Applicable to Transferees.** Each Member will execute and deliver any document or statement necessary, to give effect to the terms of this Agreement, or to comply with any law, rule, or regulation governing the Company's formation and activities.

8.7 **Additional Instruments.** Each Member will execute and deliver any document or statement necessary, to give effect to the terms of this Agreement, or to comply with any law, rule, or regulation governing the Company's formation and activities.

8.8 **Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run, is not included. The last day of the period is included, unless it is a Saturday, Sunday, or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday, or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m., in the time zone where the Company then-maintains its principal place of business.

8.9 **Entire Agreement.** This Agreement and the Articles comprise the entire agreement among the parties with respect to the Company. This Agreement and the Articles supersede any prior agreements or understandings with respect to the Company. No representation, statement or condition not contained in this Agreement, or the Articles has any force or effect. Notwithstanding the provisions of this Agreement, including Section 8.1 or of any Subscription Agreement, it is hereby acknowledged and agreed that the Manager, on its own behalf or on behalf of the Company, without the approval of any Members or any other person, may enter into a side letter or similar agreement to or with a Member that has the effect of establishing rights under, or altering or supplementing the terms of this Agreement or of any Subscription Agreement. The parties hereto agree that any terms contained in a side letter or similar agreement to or with a Member shall govern with respect to Member notwithstanding the provisions of this Agreement or of any subscription agreement.

8.10 **Waiver.** No right or remedy under this Agreement may be waived, except by an instrument in writing, signed by the party sought to be charged with the waiver.

8.11 **General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural, and vice versa. The headings and underlined paragraph titles are for guidance only, and have no significance in the interpretation of this Agreement.

8.12 **Binding Effect.** Subject to the provisions of this Agreement relating to the transferability of Membership Interests and the rights of Transferees, this Agreement is binding on, and will inure to, the benefit of the Company, the Members, and their respective distributees, successors, and assigns.

8.13 **Governing Law.** Delaware law governs the construction and application of the terms of this Agreement.

8.14 **Severability.** If any provision of this Agreement shall be deemed invalid, unenforceable, or illegal, then, notwithstanding such invalidity, unenforceability, or illegality, the remainder of this Agreement shall continue in full force and effect.

8.15 **Counterparts; Signatures.** This Agreement may be executed in counterparts, each of which will be considered an original, as to the party signing it. Electronic signatures shall have the same legal effect as original signatures.

[Signature Page to Operating Agreement Follows]

[Signature Page to Operating Agreement]

Horizon Residential Income Fund I, LLC
a Delaware limited liability company

By: **FTF Capital Management, LLC,**
a Delaware limited liability company
Its Manager

By: **Fund That Flip, Inc.**
a Delaware corporation,
Its manager

By: 
Richard Rein, CFO

BY PURCHASING A MEMBERSHIP INTEREST IN THE COMPANY AND EXECUTING A SUBSCRIPTION AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT, AND THE MEMORANDUM.