

Special Needs Homes, LLC
31271 Via Del Verde
San Juan Capistrano CA 92675
(949) 324-4717

January 1, 2019

Dear Potential Fund Subscriber,

This letter enumerates the documents necessary for you to become a Fund Subscriber:

- Special Needs Homes, LLC Operating Agreement
- Special Needs Homes, LLC Investor Questionnaire
- Special Needs Homes, LLC Subscription Agreement

It is highly recommended that you carefully read the Operating Agreement as it also is the primary disclosure document. It contains detailed descriptions of how the Fund will operate and the risks of investing in the Fund. The key points are summarized as follows:

- Each membership unit costs \$5,000, and a minimum investment of 1 unit (\$5,000) is required. The units are being offered to “accredited investors” or “sophisticated investors” as defined by various government regulations.
- The fund may close to new investment when 35 “sophisticated investors” have subscribed, or the Manager may decide to close the fund at another time. The latest the Fund will be open to new investment is December 31, 2019.
- Beginning in 2020, the value of the fund will be updated yearly. The Manager will establish Net Asset Value of the properties using a broker’s opinion of value.
- The Fund is set to operate for a five-year period. Due to the illiquid nature of these investments, there will be no early redemptions in the five-year operating period. Profits may be distributed yearly at the manager’s discretion until liquidation.
- The investment objective of the Fund is current cash flow and capital appreciation. The Fund will buy real estate, improve properties as necessary, hold them for rental cash flow, and resell them for profit at the time of liquidation.
- All investor funds are at risk, and substantial losses could accrue to the investor.
- The manager is compensated by an associated charity. The charity charges a management fee equal to 10%-15% of the net operating income on specific projects in lieu of yearly fund management fees.
- The Manager is charging a Fund liquidation fee equal to 20% of the profit of the Fund. This aligns the interests of the Manager and the Investors to maximize profits.

After you review the disclosure document, if you have any questions, I am available to meet with you to discuss your investment. I can be reached at (949) 324-4717 from 9:00 AM to 9:00 PM daily. If you decide you wish to invest in Special Needs Homes, LLC, you will need to fill out the Investor Questionnaire and Subscription Agreement.

The Investor Questionnaire is designed to help you determine if this type of investment is right for you. It establishes contact information, discloses your financial status and other data to help me evaluate your suitability as a Fund Subscriber.

The Subscription Agreement is your petition to the Fund for admission. I may accept you into the Fund by processing the Subscription Agreement, depositing your check or accepting your wire transfer, and returning you a copy of the Subscription Agreement signed by me.

Thank you for your interest in Special Needs Homes, LLC.

Sincerely,

David Satosky