

**Limited Liability Company Agreement (Operating Agreement) of
Pax Properties CAP Plus Diversified Income Fund, LLC**

Table of Contents

ARTICLE I	Formation	1
ARTICLE II	Definitions	2
ARTICLE III	Purposes, and Powers	8
ARTICLE IV	Members, Capital Contributions, and Financing	8
ARTICLE V	Allocations and Distributions	10
ARTICLE VI	Rights and Duties of Members	14
ARTICLE VII	Rights, Powers and Duties of Manager	17
ARTICLE VIII	Books of Account and Reports; Access to Records; Reporting Requirements.....	22
ARTICLE IX	Transfers of Membership Interests	23
ARTICLE X	Termination of Fund	23
ARTICLE XI	Miscellaneous Provisions	24
	Schedule 4.1 (Percentage Interests)	
	Schedule 4.2 (Capital Contributions)	

This Limited Liability Company Agreement (Operating Agreement) (this “*Agreement*”) of Pax Properties CAP Plus Diversified Income Fund, LLC (the “*Fund*” or the “*Company*”) is made as of March 1, 2021 (the “*Effective Date*”), among Pax Properties Fund Manager, LLC, a Florida limited liability company (the “*Manager*”), and the other parties who join in the execution of this Agreement or who execute a Subscription Agreement (as hereinafter defined) that binds them to this Agreement.

RECITALS

A. The Members (as hereinafter defined) desire to enter into this Agreement to set forth the terms and conditions of Fund affairs and the rights and obligations of Members and the Manager.

NOW, THEREFORE, the Members and the Manager hereby agree that the Operating Agreement of the Fund shall be as follows:

ARTICLE I Formation

Section 1.1 Organization. The Manager has caused Articles of Organization to be filed with the Florida Department of State to form each of the Fund and the Manager. The parties agree to the execution, filing and/or recording by the Manager, in the name of the Fund or the Manager but in either case on behalf of the Fund, of such other documents as may be appropriate for the Fund to carry out its purposes and/or to own its assets.

Section 1.2 Agreement; Effect of Inconsistencies with Act. The Members intend that this Agreement shall be the sole source of the relationship among them relating to the Fund. Except to

the extent that this Agreement expressly incorporates federal income tax rules by references to the Code or Treasury Regulations, or a provision hereof is expressly prohibited or ineffective under the Act or other applicable law, this Agreement shall govern, even when it is inconsistent with, or different from, the Act or any other applicable law. To the extent any provision of this Agreement is prohibited or ineffective under any applicable law, this Agreement shall be considered amended to the smallest degree possible to make such provision effective. If the applicable law is subsequently amended or interpreted so as to validate a provision of this Agreement that was formerly invalid, such provision shall be considered to be valid from the effective date of such amendment or interpretation.

Section 1.3 Name. The name of the Fund shall be the name of the Fund set forth in the first paragraph of this Agreement, unless changed by the Manager.

Section 1.4 Effective Date. This Agreement shall become effective as of the Effective Date.

Section 1.5 Term. Notwithstanding any other provision of this Agreement, the Fund shall continue to exist until it is formally dissolved under the Act. If the Fund remains in existence at the end of its formal term (as that term may have been extended as provided below), the Fund shall continue to operate as it had been operating immediately before such date. Unless the Manager has elected to terminate the Fund earlier (see below), the Fund shall terminate at 11:59:59 PM on December 31, 2029. That term may be extended by the Manager (without the approval of, or notice to, any Member or other Person except as may be required by law) for one or two two-year periods and may be extended for a longer time period upon Majority Vote (as hereinafter defined) to a specified date not later than 11:59:59 PM on December 31, 2035 unless all Members agree to a specified later date (except for any Member who is paid or offered, in cash, the fair market value of the Member's Membership Interest and withdraws, voluntarily or involuntarily, as a Member)). Such an extension shall automatically occur, fully as if the Manager had acted, if the Manager fails or delays to act to extend the Fund's term, subject to the right of the Manager or the Members to extend the Fund's term as described in the preceding sentence. Also by Majority Vote but subject to any prior extension under this Section 1.5, the Members may elect to terminate the Fund at any time after its formal term has ended. The Manager may terminate the Fund at any time before or after the Fund's formal term has ended (as that term may have been extended as provided above). The Manager shall give written notice to all Members of an election to terminate the Fund by the Manager or upon Majority Vote, but a failure or delay in such notice shall not affect the validity of such election. Nor shall any decision to terminate the Fund, or the absence of such a decision, give any Person a claim against any other Person.

Section 1.6 Principal Office. The Fund's principal office shall be at the Manager's principal office. The Manager may change the location of the Fund's principal office at any time. The Manager shall make any filing and take any other action required by applicable law in connection with any such change.

ARTICLE II Definitions

Section 2.1 General Interpretive Principles. Except as otherwise expressly provided or unless the context otherwise clearly requires: (i) the terms defined in this Article II have the

meanings assigned to them below and include the plural as well as the singular, (ii) the use of any gender in this Agreement shall be deemed to include both or all genders, (iii) the word “including” means “including, but not limited to,” (iv) wherever appropriate, “will” means “shall,” (v) the capitalized terms defined in the PPM have the same meanings in this Agreement; and (vi) the headings in this Agreement are for convenience only and are not intended to describe or limit any provision of this Agreement.

Section 2.2 Defined Terms. Unless otherwise defined where used, these capitalized terms shall have these meanings (which shall apply, except as may otherwise be stated, to all forms of such words, whether or not the word is capitalized where used):

Act. The Florida Revised Limited Liability Company Act, Chapter 605, Florida Statutes, as it may be amended.

Affiliate. Any Person directly or indirectly owning or controlling, owned or controlled by, or under common ownership or control with, another specified Person; provided, however, that no Person shall be considered an Affiliate of the Fund or of the Manager solely by reason of the Person’s investment in the Fund. Where appropriate, “Affiliate” shall instead mean a Person who has such a relationship with the Fund or with the Manager. Without limitation, the Manager is an Affiliate of the Fund, and the following Persons are Affiliates of the Fund and the Manager: Justin Ford, Pax, Pax CS, Pax PM. Notwithstanding the preceding sentence, where this Agreement refers directly or indirectly to an Affiliate of the Manager, such reference will not, unless the context clearly requires, be interpreted as a reference to the Fund.

Agreement. This Agreement, as it may be amended.

Assignee (or Transferee). A person to whom a Membership Interest is Transferred in compliance with Article IX, especially such a person who is not also a Member. See especially Section 9.3.

Book Value. The value of a Fund asset or liability shown on the balance sheet of the Fund or determined according to accounting conventions, in either case not as determined by the Manager or a Manager Affiliate. In all Fund matters in which the fair market value (as distinguished here from “Book Value”) of an asset or liability is relevant, and the fair market value of such asset or liability is between 75% and 150% of the Book Value thereof, as such fair market value is estimated in good faith by any Person (other than the Manager or a Manager Affiliate) who is authorized to determine such fair market value (whether or not such good-faith estimate is accurate), the Book Value of such asset or liability shall be deemed also to be the fair market value thereof. The preceding sentence shall not preclude any Person from determining the fair market value of any asset or liability in any other customary way (but shall not require this), but shall protect a Person against any claim that the fair market value of an asset or liability is other than its Book Value.

Capital Account. A Fund capital account maintained in accordance with Section 4.4.

Capital Commitment. The U.S. dollar amount specified as such by a Member when the Member is admitted, which amount shall be the Member’s entire obligation to make Capital Contributions to the Fund. Unless otherwise agreed with the Manager, a Member shall contribute to

the Fund, in cash, 100% of the Member's Capital Commitment when the Member is admitted. Without liability therefor to the Fund or to any Member or other Person, the Manager may agree with any Member that the Member need not contribute the Member's full Capital Commitment when the Member is admitted as a Member, in which case the terms of such agreement instead shall apply to the Member's Capital Contribution(s). The Manager is authorized to make different such agreements with different Fund Investors; provided, that any agreement between the Fund and the Manager must be fair to the Fund. Without limiting the breadth of what is "fair to the Fund," such an agreement will conclusively be deemed to be fair to the Fund if the agreement is substantially similar to other such agreements.

Capital Contribution. Any cash or other property contributed by a Member to the capital of the Fund. Unless otherwise agreed by the Manager, all Capital Contributions shall be in cash.

Code. The Internal Revenue Code of 1986, as amended.

Disposition. With respect to a Property, a resale or a "cash out" refinancing or similar recapitalization.

Distribution. A payment by the Fund to a Member -- except any such payment to the Member in his or her separate status as a creditor of the Fund or, as appropriate, in redemption or other repurchase of the Membership Interest of a Member.

Distribution Date. The date on which a Distribution is made to any of the Members, which date shall be determined by the Manager.

Economic Rights. A Member's or Assignee's rights to receive allocations of Profits and Losses, distributions and a return of capital, especially such Rights of an Assignee who is not a Member. See Section 9.3.

Fiscal Year. The fiscal year of the Fund, which shall be the calendar year. The first Fiscal Year of the Fund shall be less than 12 months, and shall be prorated appropriately. The Fund's final Fiscal Year shall be the time period beginning with the first day of the Fund's then-current Fiscal Year and ending on a date specified by the Liquidator (as defined in Section 10.2) for this purpose. The Fund's final Fiscal quarter shall be the time period beginning with the first day of the Fund's then-current Fiscal quarter and ending on a date specified by the Liquidator for this purpose. In either case, if the Liquidator fails for any reason to specify such a date, such date will be the business day preceding the date on which the Fund first makes a terminating Distribution to one or more Members.

Florida LLC. A limited liability company formed and existing under the Act.

Fund Expense. Any operating, organizational or termination expense, broadly defined, of the Fund or of the Manager, that is owed or has been paid by or on behalf of the Fund or the Manager, including but not limited to all expenses of the Fund or the Manager incurred in offering, selling, transferring, or redeeming or otherwise repurchasing any Membership Interest, and all expenses incurred in connection with a termination of the Fund, whether or not such an expense is owed or paid to the Manager or to an Affiliate of the Fund or of the Manager. Fund Expenses shall

not include, however, any sales charge or similar charge (or related expenses) imposed on any Person for the purchase of Membership Interests by a Fund Investor in the Fund; any such amount shall instead be paid by the Manager and not by the Fund or any other Person. If the Manager hereafter engages in an activity other than managing the Fund, appropriate proration shall be made in Fund Expenses allocated to the Fund, and “Fund Expense” shall include only the amount that is fairly allocated to the Fund (in the good faith judgment of the Manager).

Initial Closing. The initial admission of Members, which shall occur when and where and as otherwise specified by the Manager. The Manager may hold one or more additional “*Closings*” not later than January 15, 2022, or on or before such later date as may be approved by Majority Vote.

Investment Period. The time period beginning upon the Initial Closing and ending at 11:59:59 PM on December 31, 2025. The Investment Period is intended to be the time period during which the Manager deploys the Fund’s investment capital in one or more Properties.

Investor Members. All Members other than the Manager or its Affiliate, if the Manager or such Affiliate is a Member. The “*Investor Members*” may instead be referred to as the “*Fund Investors*.”

Justin Ford. John (Justin) Ford.

Loss. The Fund’s loss, if any, for a Fiscal Year, determined under Section 5.5 (including a Fiscal Year that is less than 12 months, as provided in the definition of “Fiscal Year” above).

Majority Vote or Majority Approval. Approval by Members who hold, collectively, the majority of the Membership Interests, given by written consent under Section 6.7 or in any other manner authorized in this Agreement.

Management Rights. The rights, if any, of a Member to participate in the management of the Fund, including the rights to receive information, to inspect and audit Fund books and records or to approve Fund actions.

Manager. The manager of the Fund, who shall have the rights and responsibilities described in this Agreement and, to the extent not inconsistent therewith, under the Act. The Manager (or its Affiliate(s)) may also be a Member, but need not be.

Member. A Member of the Fund. The Manager (and/or its Affiliate) may be a Member, but need not be. Resignation or removal of the Manager shall not affect the Manager’s separate status (if any) as a Member.

Membership Interest. With respect to a Member, the Member’s entire ownership interest in the Fund.

Net Cash Flow. All cash (and the fair market value of any non-cash property) received by the Fund in any Fiscal quarter or other relevant Fiscal time period minus the expenses and reserves described in the next sentence. Net Cash Flow shall include any and all current revenues from Properties now or hereafter owned by the Fund (e.g., apartment rents), together with the net

proceeds of any sale or other disposition of Properties, reduced in either case by Fund Expenses and/or reserves as described in Section 5.3.

Pax. Pax Properties, LLC, a Florida LLC that is ultimately controlled by Justin Ford.

Pax CS. Pax Construction Services, LLC, a Florida LLC that is ultimately controlled by Justin Ford.

Pax PM. Pax Property Management, LLC, a Florida LLC that is ultimately controlled by Justin Ford.

Person. An individual, corporation, trust, association, unincorporated association, estate, partnership, joint venture, limited liability company or other legal entity, including a governmental entity.

Percentage Interests. The percentage interests of the Members in certain amounts, which shall be set forth in Schedule 4.1, as the same may be revised from time to time pursuant to the terms of this Agreement. See Section 5.3. Unless otherwise stated herein, Percentage Interests shall reflect Members' Capital Accounts.

Priority Return. With respect to each Member, a 7.00% per annum (cumulative, non-compounded, prorated as appropriate) return on such Member's outstanding Unrecouped Capital Contributions, but not (unless the Manager otherwise agrees) with respect to Capital Contributions made before the earlier of (1) the date on which the Fund acquires its first Property; or (2) June 30, 2021. The Manager may at any time specify a higher percentage, which shall apply only to the Fund's current Distribution (or next distribution, if the Fund is not then making a Distribution) unless the Manager specifies clearly that the higher percentage shall apply for a longer time period. A Distribution to a Member (if any) will be credited first to the Member's current-period Priority Return, then to reduce the Member's Unreturned Capital Contributions (but not below zero), and then to reduce the Member's remaining Capital Account. If a Distribution to a Member (if any) is less than the Member's current-period Priority Return, the shortfall will be credited to increase the Member's Unreturned Capital Contributions, but not above the Member's Unreturned Capital Contributions (including the Member's current-period Priority Return). Any remaining shortfall will be added to the Member's Capital Account. The Member will have no claim against the Manager or any other Person for any shortfall (except against the Fund, upon its termination).

Profit. The Fund's profit, if any, for a Fiscal Year, determined under Section 5.5 (including a Fiscal Year that is less than 12 months, as provided in the definition of "Fiscal Year" above).

PPM. The Confidential Private Offering Memorandum pursuant to which the Fund is offering to sell Membership Interests to select investors. If there is more than one of such Memoranda, "PPM" shall mean the most recent Memorandum, as reasonably determined by the Manager.

Property or Properties. Any interest in all or any portion of the land underlying the real property located at any one or more specified locations in the U.S., within or outside of the State of Florida, which the Fund may own or propose to acquire, directly or indirectly, together with all

improvements located thereon at any time during the Fund’s direct or indirect ownership thereof, and all parking, access and utility easements and other appurtenances thereto. For the avoidance of doubt, a “Property” may also or instead be referred to herein or in the PPM as a “Portfolio Investment” of the Fund. For the further avoidance of doubt, “Property” or “Properties” may also or instead refer collectively to all Properties owned, or proposed to be acquired, directly or indirectly, by the Fund.

Reinvestment Period. The time period beginning upon the Initial Closing and ending at 11:59:59 PM on December 31, 2028 (including, if applicable, the Investment Period, which ends at 11:59:59 PM on December 31, 2025). For the avoidance of doubt, the Reinvestment Period, after the Investment Period ends, is the time period during which the Manager may invest the Fund’s investment capital (if any then remains) in one or more Portfolio Investments that the Fund has made during the Investment Period, though the Manager instead may Distribute some or all of the Fund’s Net Cash Flow received after the Investment Period ends. Subject to the Manager’s authority to invest the Fund’s investment capital in one or more then-existing Portfolio Investments as described above, the Manager shall cause the Fund, at least quarterly, to Distribute Net Cash Flow from and after the Initial Closing.

Securities Act. The Securities Act of 1933, as amended.

Subscription Agreement. The form of agreement attached as Exhibit B to the PPM, pursuant to which the Fund agrees, separately with each Fund Investor, to issue Membership Interests to select investors.

Transfer and Transferred Membership Interest. A transfer (voluntary or involuntary) of, or the granting or creating of a security interest in, all or part of a Membership Interest. See Article IX.

Treasury Regulations or Regulations. The permanent and temporary Regulations, and all amendments, modifications, and supplements thereof, from time to time promulgated by the U.S. Department of the Treasury under the Code.

Unpaid Priority Return. The amount, if any, by which a Member’s Priority Return exceeds the aggregate of all amounts then and/or previously Distributed to the Member (excluding for this purpose, as appropriate in the circumstances, any amounts paid or owed to such Member to redeem or repurchase the Member’s Membership Interest, or paid or owed to such Member in the Member’s separate status, if any, as a Fund creditor, including but not limited to the Fund Management Fee payable to the Manager).

Unrecouped Capital Contribution. For each Member as of any date, the amount equal to the balance as of such date of a bookkeeping Fund account maintained as follows: All Capital Contributions and the Member’s share of Profits shall be added to the balance of such account; and there shall be deducted from such account the Member’s share of Losses and all Distributions to the Member then and/or previously made that are fairly attributable to the Member’s Unrecouped Capital Contributions, all as determined in good faith by the Manager (adjusted appropriately as described in the definition of “Priority Return” herein). For the avoidance of doubt, Unrecouped Capital Contributions shall not include any amount paid or owed to the Member in the Member’s separate status, if any, as a Fund creditor (including but not limited to any portion of the Fund

Management Fee), and appropriate adjustments shall be made, to reflect any redemption or other repurchase of the Member's Membership Interest.

ARTICLE III Purposes, and Powers

Section 3.1 Purposes. The purposes of the Fund are to acquire, own, develop, lease, rent, renovate, repair, joint venture, manage, mortgage and/or dispose of the Properties or other Portfolio Investments. Without in any way limiting the breadth or generality of the preceding sentence, the Fund has authority to lend money on fair terms to the owner of any "*Portfolio Investment*" (including an Affiliate of the Fund or of the Manager), or to any other person involved in real estate activities, if the loan is secured.

Section 3.2 Powers. The Fund shall have all powers of a Florida LLC, and the power to do all things necessary or convenient to accomplish its purposes.

Section 3.3 Limitations on Scope. Except for the authority granted herein, no Person is granted any authority by this Agreement to act for any other Person.

ARTICLE IV Members, Capital Contributions, and Financing

Section 4.1 Percentage Interests. The Percentage Interest of each Member in the Fund shall be set forth in Schedule 4.1. The Manager is hereby authorized to revise Schedule 4.1 whenever the Manager deems it appropriate, but changes in Percentage Interests shall be effective whether or not Schedule 4.1 is revised.

Section 4.2 Capital Contributions. Unless otherwise agreed with the Manager, a Member shall contribute 100% of the Member's Capital Commitment to the Fund, in cash, when such Member is admitted. All Capital Contributions shall be reflected appropriately in Schedule 4.2. The Manager is hereby authorized to revise Schedule 4.2 whenever the Manager deems it appropriate, but changes in Capital Contributions shall be effective whether or not Schedule 4.2 is revised. The Manager shall promptly hereafter cause the Manager and/or one or more Affiliate(s) of the Manager to make a Capital Commitment of at least \$250,000, and to fund 100% of such Capital Commitment, in cash, at or before the Initial Closing. In such capacity, the Manager and/or such Affiliate(s) shall be admitted as a Member at or before the Initial Closing but, unless otherwise agreed with the Manager, but the Manager or such Affiliate (as the case may be) shall not pay any amount to the Manager or its Affiliate (or, if such amount is payable by the Fund rather than by the Members, the internal allocation of such amount (and the total amount thereof, if appropriate) shall be adjusted appropriately to reflect that no portion thereof is payable by the Manager or its Affiliate). Notwithstanding the preceding portions of this paragraph or any other provision of this Agreement, the Manager and/or such Affiliate(s) shall bear their fair share of the cost or expense, at the rates specified in the PPM and as otherwise reasonably determined by the Manager, of services rendered by any Person with respect to any Property or other Portfolio Investment in which the Manager and/or such Affiliate(s) has a direct or indirect interest.

Section 4.3 Additional Capital Contributions. The Members shall not be obligated to make any additional contributions to the capital of the Fund (above those set forth in Section 4.2).

Section 4.4 Capital Accounts. Each Member's Capital Account shall be maintained as follows:

(1) Each Capital Account shall be credited with the amounts of such Member's Capital Contributions, and with such Member's distributive share of Profits;

(2) Each such Member's Capital Account shall be charged with the amounts of cash, and the fair market value of any other property, Distributed by the Fund to such Member pursuant to this Agreement (but not by any amount paid to such Member on a Fund liability if the Member is also a Fund creditor, and appropriate adjustments shall be made to reflect any redemption or other repurchase of the Member's Membership Interest), and shall be charged with the Member's distributive share of Losses; and

(3) If all or a portion of a Member's Membership Interest is Transferred in accordance with Article IX, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the Transferred Membership Interest.

The Fund may, at any time and in any manner deemed appropriate by the Manager in good faith, return part or all of any Member's Capital Account, with or without the approval of, or notice to, any Member or other Person except as may be required by law. If such a return occurs, amounts paid shall be credited first to reduce the Member's Unreturned Capital Contributions and then to reduce other portions of the Member's Capital Account.

This Section 4.4 and other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Manager determines that it is prudent to modify the manner in which the Capital Accounts, or any charges or credits thereto (including charges or credits relating to liabilities which are secured by contributions or distributed property or that are assumed by the Fund or by Members), are computed in order to comply with such Treasury Regulations, the Manager shall make such modification, but only if it is not likely to have a material effect on the amounts to be distributed to any Member. The Manager may also determine to (i) make any adjustments that may be necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Fund's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-1(b).

Section 4.5 Loans by the Manager or Members. If at any time the Manager determines in good faith that additional funds are required by the Fund, then the Manager, without the approval of or notice to any Member or other Person, may, but shall not be obligated to, cause the Fund to borrow such required additional funds from one or more non-Affiliate lending institutions, or from the Manager, a Member or any of their Affiliates if the Manager determines in good faith that such additional funds are not available from non-Affiliate lending institutions on terms satisfactory to the Fund. All loans, whether from the Manager, any Member, any of their Affiliates or any other Person, shall be Fund Expenses and shall be repayable in accordance with their terms prior to any

Distribution to the Members. If a Person shall, with the prior written consent of the Manager pursuant to this Section 4.5, make any loan to the Fund or advance money on its behalf, the amount of any such loan or advance shall not affect the Capital Account of the Person or the allocation of Profits or Losses.

Section 4.6 Return of Capital Accounts. No Member shall be entitled to demand the return of any portion of the Member's Capital Account at any time, except on termination of the Fund. Unless otherwise required by agreement or applicable law, no Member shall be entitled to demand or receive property other than cash, and no Member or other Person shall be personally liable for the return of all or any part of any Member's Capital Account. Any such return shall be made solely from Fund assets.

Section 4.7 No Third Party Beneficiary Rights. This Agreement is not intended to benefit any Fund creditor, and no Fund creditor shall obtain any right hereunder to make any claim against the Fund or any of the Members or the Manager, or against any of their assets.

ARTICLE V Allocations and Distributions

Section 5.1 Limitations. Except as expressly provided in this Article V, the time and amount of any payment or Distribution of Net Cash Flow shall be determined by the Manager. The Fund must have available to it unencumbered cash sufficient for any Distribution to Members described in this Article V, after taking into account (except upon liquidation of the Fund) the amounts which the Manager determines should be set aside to provide a reasonable reserve for continuing Fund activities.

Section 5.2 Distribution of Net Cash Flow. See Section 5.3.

Section 5.3 Distribution of Net Cash Flow. Net Cash Flow shall be paid or Distributed at least quarterly on or after the Initial Closing, on Distribution Dates specified by the Manager, in the following order:

- (a) first, to payment of Fund Expenses which are then due, excluding any Fund Expenses that may be deferred in accordance with any agreement if the Fund expects (in the Manager's good faith judgment) to receive subsequently amounts that can be used to pay such Fund Expenses when they become due under such agreement;
- (b) second, to the setting up, or increasing, of reserves as determined in good faith by the Manager; provided that, when each reserve period expires, the balance of such reserves, if any, shall be paid or Distributed under the other portions of this Section 5.3;
- (c) third, Distributed to the Members in proportion to their Unpaid Priority Return balances until those balances are reduced to zero;
- (d) fourth, Distributed to the Members in proportion to their Unrecouped Capital Contribution balances until those balances are reduced to zero; and

(e) thereafter, Distributed 35% to the Manager and 65% to the Members in proportion to their Percentage Interests.

Unless agreed otherwise, all payments or Distributions made under this Agreement shall be in cash. Notwithstanding the preceding portions of this Section 5.3, payments or Distributions made in connection with a liquidation of the Fund shall be made as provided below.

Section 5.4 Distributions on Termination. Notwithstanding anything to the contrary in this Agreement, if the Fund (or a Member's interest therein) is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), then any distributions shall be made pursuant to this Section 5.4 to the Members (or to such Member, as appropriate), in accordance with their positive Capital Account balances in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(2).

Section 5.5 Determination of Profits and Losses. For purposes of this Agreement, the Fund's "**Profit**" or "**Loss**" for each Fiscal Year shall be as determined for Federal income tax purposes except that Profit or Loss shall be determined:

(a) without regard to any adjustment to basis pursuant to Section 743 of the Code (except as provided in Section 5.5(h));

(b) by including the net gain (after expenses) or net loss (after expenses) realized or incurred by the Fund in a capital transaction;

(c) by taking into account items of deduction attributable to any asset of the Fund;

(d) by including as an item of gross income any tax-exempt income received by the Fund;

(e) by treating as a deductible expense any expenditure of the Fund described in Section 705(a)(2)(B) of the Code;

(f) by excluding any item of income, gain, loss or deduction which is required to be specially allocated to a Member who contributes assets other than cash to the Fund as a Capital Contribution pursuant to Section 704(c) of the Code and the Regulations thereunder;

(g) to the extent an adjustment to the adjusted basis of any asset of the Fund pursuant to Sections 734(b) or 743(b) of the Code is required by Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Member's Membership Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the adjusted basis of the asset) or loss (if the adjustment decreases the adjusted basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profit or Loss; and

(h) after making the special allocations (if any) required by Treasury Regulations.

The amounts of the items of income, gain, loss or deduction of the Fund to be specially allocated pursuant to Treasury Regulations shall be determined by applying rules analogous to those set forth in subsections (a) through (h) above. Whenever a proportionate part of Profit or Loss is credited or charged to a Member or the Manager, every item of profit, gain, loss, deduction or credit entering into the computation of such Profit or Loss shall be considered credited or charged, as the case may be, in the same proportion.

Section 5.6 Allocation of Profits. The Profit of the Fund for each Fiscal Year in which the Fund has a Profit shall be determined as provided in Section 5.5 and shall be allocated as provided in other portions of this Agreement.

Section 5.7 Allocation of Losses. The Loss of the Fund for each Fiscal Year in which the Fund has a Loss shall be determined as provided in Section 5.5 and shall be allocated as provided in other portions of this Agreement.

Section 5.8 Minimum Gain Chargebacks and Nonrecourse Deductions.

(a) Company Minimum Gain Chargeback. Notwithstanding any other provisions of this Agreement, in the event there is a net decrease in Company Minimum Gain during a tax year, the Members shall be allocated items of income and gain in accordance with Treasury Regulations Section 1.704-2(f). For purposes of this Agreement, the term “Company Minimum Gain” shall have the meaning set forth for “partnership minimum gain” in Treasury Regulations Section 1.704-2(b)(2), and any Member’s share of Company Minimum Gain shall be determined in accordance with Treasury Regulations Section 1.704-2(g)(1). This Section 5.8(a) is intended to comply with the minimum gain chargeback requirement of Treasury Regulations Section 1.704-2(f) and shall be applied in a manner consistent therewith.

(b) Nonrecourse Deductions. Notwithstanding any other provision of this Agreement, nonrecourse deductions shall be allocated to the Members in proportion to their positive Capital Account balances, and thereafter in accordance with their Percentage Interests or in such other manner as the Manager may reasonably determine. “Nonrecourse deductions” shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(1). This Section 5.8(b) is intended to comply with Treasury Regulations Section 1.704-2(e) and shall be applied in a manner consistent therewith.

(c) Member Nonrecourse Debt. Notwithstanding any other provisions of this Agreement, to the extent required by Treasury Regulations Section 1.704-2(i), any items of income, gain, loss or deduction of the Fund that are attributable to a nonrecourse debt of the Fund that constitutes “partner nonrecourse debt” as defined in Treasury Regulations Section 1.704-2(b)(4) (including chargebacks of partner nonrecourse debt minimum gain) shall be allocated in accordance with the provisions of Treasury Regulations Section 1.704-2(i). This Section 5.8(c) is intended to satisfy the requirements

of Treasury Regulations Section 1.704-2(i) (including the partner nonrecourse debt minimum gain chargeback requirements) and shall be interpreted and applied in a manner consistent therewith.

Section 5.9 Qualified Income Offset. Any Member who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) that causes a deficit balance in its Capital Account (adjusted as provided in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)) shall, for federal income tax purposes, be allocated items of income and gain in an amount and a manner sufficient to eliminate, to the extent required by the Treasury Regulations, such deficit balance as quickly as possible. This Section 5.9 is intended to comply with the alternate test for economic effect set forth in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted and applied in a manner consistent therewith. In the event that any items of income or gain are allocated to one or more Members pursuant to this Section 5.9, subsequent items of income, gain, loss or deduction shall first be allocated (subject to the provisions of Section 5.8 and this Section 5.9) to the Members in a manner designed to result in each Member having a Capital Account balance equal to what it would have been had the original allocation of items of income or gain pursuant to this Section 5.9 not occurred.

Section 5.10 Distributions of Nonrecourse Liability Proceeds. If, during a taxable year, the Fund makes a distribution to any Member that is attributable to the proceeds of any nonrecourse liability of the Fund that is allocable to an increase in Company Minimum Gain pursuant to Treasury Regulations Section 1.704-2(h), then the Fund shall, for federal income tax purposes, elect, to the extent permitted by Treasury Regulations Section 1.704-2(h)(3), to treat such distribution as a distribution that is not allocable to an increase in Company Minimum Gain. To the extent that such distribution is treated as allocable to an increase in Company Minimum Gain or “partner nonrecourse debt minimum gain” (as defined in Treasury Regulations Section 1.704-2(i)), any increase in a Member’s share of such Minimum Gain (computed in accordance with Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5)) attributable to such distribution shall be treated as an item of income allocated to the Member pursuant to the subsection of Section 5.6 that corresponds to the applicable Section of this Article V pursuant to which the distribution was made. The purpose of the preceding sentence is to avoid a double allocation of Profits or items thereof to a Member pursuant to Section 5.6 as a result of (i) an allocation of Profits pursuant to Section 5.6 and (ii) an additional allocation of items of income or gain as a result of a subsequent “minimum gain chargeback” pursuant to Section 5.8(a) or (c).

Section 5.11 Code Section 704(b) Allocations. The allocation provisions contained in this Article V are intended to comply with Code Section 704(b) and the Treasury Regulations promulgated thereunder, for federal income tax purposes, and shall be interpreted and applied in a manner consistent therewith.

Section 5.12 No Election to be Taxed as Association. The Fund shall be treated as a partnership for federal income tax purposes. No Member shall cause the Fund to elect to be treated as a corporation for federal income tax purposes, unless such election is approved in writing by all Members.

Section 5.13 Contributed Property. For federal income tax purposes, if Company property is subject to Code Section 704(c) or is revalued on the books of the Fund in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g), the Members' Capital Accounts shall, for federal income tax purposes, be adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) for allocations to them of depreciation, amortization, and profit or loss, as computed for book purposes (and not tax purposes) with respect to such property. Any gain or loss attributable to contributed property shall, for federal income tax purposes, be allocated to the contributing Member pursuant to Code Section 704(c).

Section 5.14 Election to Adjust Tax Basis. For federal income tax purposes, the Manager may, but need not, cause the Fund to make an election or, with the consent of the Commissioner of Internal Revenue, revoke any such election previously made, under Section 754 of the Code to adjust the basis of Company property under Section 734 or 743 of the Code. Furthermore, for federal income tax purposes and notwithstanding anything in this Article V to the contrary, to the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Treasury Regulations.

ARTICLE VI Rights and Duties of Members

Section 6.1 Liability of Members. No Member shall be obligated to make Capital Contributions except as provided in Article IV. Except for those which are expressly assumed or guaranteed, no Member shall have any personal liability with respect to any Fund liability. The failure of the Fund to observe any formalities or requirements relating to the exercise of its powers or the management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on any Member(s) for any Fund liability. No Member shall be obligated to personally guarantee any Company obligation.

Section 6.2 Limitations on Powers of Members. Except as expressly authorized by this Agreement, no Member shall, directly or indirectly, (i) resign, retire or withdraw from the Fund, (ii) dissolve, terminate or liquidate the Fund, (iii) petition a court for the dissolution, termination or liquidation of the Fund, or (iv) cause any property of the Fund to be subject to the authority of any court, trustee or receiver (including suits for partition and bankruptcy, insolvency and similar proceedings). If any Member shall dissociate from the Fund, such dissociation shall represent a breach of this Agreement by such Member and shall be a wrongful dissociation. Furthermore, except as otherwise provided in this Agreement, no Member shall have any rights to manage the activities of the Fund. Except as otherwise provided in this Agreement, no Member shall have any rights to approve or disapprove actions of the Fund except as otherwise required by the Act, in which event any decisions of the Members with respect to such rights shall be by Majority Vote unless otherwise required by the Act.

Section 6.3 Prohibition Against Partition. Each Member waives any right the Member may have to maintain an action for partition with respect to any Fund property.

Section 6.4 Outside Activities. Except as otherwise provided in this Agreement or in any separate agreement between the Fund and any such Person, each Member, Manager, and any Person who is an Affiliate of any Member or Manager, may engage in or hold interests in other business ventures of every kind for its own account, whether or not such business ventures are in direct or indirect competition with the Fund, and whether or not the Fund or any Member, the Manager, or an Affiliate of any of them, also has an interest therein. Neither the Fund nor any of the Members or the Manager shall have any rights by virtue of this Agreement in such business ventures or to the income or profits derived therefrom.

Section 6.5 No Appraisal Rights. No appraisal rights shall be available to any Member with respect to the Member's Membership Interest. All Members waive any appraisal rights available under law or equity, including, without limitation, those set forth under Sections 605.1061 through 605.1072, Florida Statutes.

Section 6.6 Power of Attorney. Each Member hereby appoints the Manager, acting alone, with full power of substitution, as such Member's true and lawful attorney-in-fact, in such Member's name, place and stead, and on such Member's behalf, to make, execute, acknowledge, certify, deliver, file and/or record:

(1) Any and all amendments to, and any corrections, restatement or cancellations of, the Fund's Articles of Organization approved in accordance with this Agreement.

(2) Any amendment of this Agreement approved in accordance with this Agreement.

(3) Any and all other instruments or documents that may be required to be made, executed, acknowledged, certified, delivered, filed and/or recorded by the Fund (or by such Member with respect to the Fund) under the laws of the United States or the laws of any state or by any governmental agency, or which the Manager deems it advisable to make, execute, acknowledge, certify, deliver, file and/or record.

(4) Any instrument or document that may be required to effect the admission of any Member.

(5) Any instrument or document that may be required to effect, or to be filed in connection with, the merger or consolidation of the Fund, the conversion of the Fund into another entity or the termination, liquidation or dissolution of the Fund.

(6) Any instrument or document that may be required to effect any authorized Transfer of Membership Interests.

This power of attorney, and any other power of attorney described in this Agreement, is coupled with an interest, is irrevocable and shall survive the Transfer of a Member's Membership Interest and any incapacity of the Member.

Section 6.7 Methods of Obtaining Member Approval. Any matter requiring Majority Approval shall be deemed to have been so approved if written approvals are delivered to the Fund that set forth the matter with sufficient specificity (in the good faith judgment of the Manager) that a reader reasonably should understand what the Members are being asked to approve, if such written approvals, collectively, bear the signatures of Members who hold the majority of Membership Interests. Alternatively, if the Manager gives a Member written notice of any such matter, describing the matter with the specificity required in the preceding sentence, and if, within 15 days after such notice is given to the Member (or such longer time period as the Manager may have specified in its notice), the Member fails to notify the Fund that the Member disapproves of the matter, then the Member shall conclusively be deemed to have approved of the matter.

Section 6.8 Members' Voting Rights. The Members acknowledge that, except as otherwise required by the Act or specifically set forth in this Agreement, Members shall have no right to vote on any Fund matter, and all Fund matters shall be determined exclusively by the Manager.

Section 6.9 Confidentiality. No Member shall at any time or in any manner, directly or indirectly, use for his or its own benefit or divulge, disclose or communicate in any manner to any third party, any confidential or proprietary information of the Fund (the "**Information**") without the prior written consent of the Manager. Each Member shall protect the Information and treat it as strictly confidential. Upon the request of the Fund, each Member shall immediately return to the Fund all tangible evidence of the Information previously provided to the Member, along with all copies or reproductions thereof, and shall not make any further use of, or retain any rights to, the Information for any purpose. The obligations set forth in this Section 6.9 shall not apply to any Information which: (a) was within a receiving Member's possession or in the public domain prior to the time of disclosure to the Member by the Fund or the Manager; (b) after disclosure, comes into a receiving Member's possession from a source not under an obligation of confidentiality to the Fund or other discloser; or (c) after disclosure, becomes part of the public domain other than through the receiving Member. Furthermore, the obligations set forth in this Section 6.9 are not intended to prohibit any Member from sharing any of the Information with such Member's attorneys, accountants, or other legal or financial professionals, provided that all such parties agree (or are required by law or professional regulations) to keep the Information confidential and not to disclose the Information to any third party.

Section 6.10 Investment Representations. Each Member, by execution of this Agreement or a joinder hereto or an amendment hereto, or a Subscription Agreement, in any case reflecting such Member's admission to the Fund, hereby represents and warrants to the Fund the following (in addition to any other representations or warranties the Member may make to the Fund in any other documents):

(a) it is acquiring a Membership Interest for its own account for investment only, and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act, or any rule or regulation thereunder;

(b) it understands that: (i) the Membership Interest it is acquiring has not been registered under the Securities Act or applicable state securities laws and cannot be resold unless subsequently registered under the Securities Act and such laws or unless an exemption from such registration is available; (ii) such registration under the Securities Act and such laws is

unlikely at any time in the future and none of the Fund, the Members, and the Manager is obligated to file a registration statement under the Securities Act or such laws; and (iii) the assignment, sale, transfer, exchange or other disposition of the Membership Interests in the Fund is restricted in accordance with this Agreement;

(c) it has had an adequate opportunity to ask questions of and receive answers from the Manager or other representatives of the Fund concerning the Fund, and to obtain from representatives of the Fund such information that the Fund possesses or can acquire without unreasonable effort or expense, as is necessary to evaluate the merits and risks of an investment in the Fund;

(d) it has, either alone or with its professional advisers, sufficient experience in business, financial and investment matters to be able to evaluate the merits and risks involved in investing in the Fund and to make an informed investment decision with respect to such an investment;

(e) it can afford a complete loss of the value of its investment in the Fund and is able to bear the economic risk of holding such investment for an indefinite period; and

(f) if it is an entity: (i) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (ii) it has full organizational power to both execute and deliver this Agreement and perform its obligations hereunder; (iii) its execution, delivery and performance of this Agreement has been authorized by all requisite action on behalf of the entity; and (iv) it has duly executed and delivered this Agreement.

ARTICLE VII Rights, Powers and Duties of Manager

Section 7.1 Management and Control of Business, Authority of Manager. Except as otherwise provided herein or required by applicable law, the Fund shall be managed exclusively by the Manager, who shall be deemed to be a “manager” of a Florida LLC under the Act, and all actions, decisions, determinations, designations, directions, appointments, consents, approvals, selections, omissions to act and the like (each an “**Action**,” even with respect to an omission to act) to be taken, made, or given with respect to the Fund, shall be taken, made, or given by the Manager. All Actions of the Manager shall be binding upon the Fund and all Members. The Manager shall devote such time to the Fund as it may deem necessary or desirable. Unless a different standard is expressly stated, any Action taken by the Manager shall be valid if in good faith, and such good faith shall be presumed to have existed with respect to any and all past or present Actions.

Section 7.2 Rights and Powers of Manager. Without limiting the generality of Section 7.1, the Manager shall have all of the rights and powers which may be possessed by the manager of a Florida LLC, which are otherwise conferred by law or which are convenient to the discharge of the Manager’s duties under this Agreement, including the following rights and powers and whether such a right and power is exercised in the name of the Fund or in the name of the Manager or an Affiliate of the Manager (and provided further that the failure to enumerate herein any specific right or power shall not be deemed to imply a limitation on the Manager’s rights and powers):

(a) To engage such employees, agents, attorneys, accountants, consultants, businesses or other persons or entities as the Manager may deem advisable;

(b) To execute on behalf of the Fund all instruments and other documents that the Manager may deem necessary or advisable in connection with the Fund's activities;

(c) To acquire and convey all or any portion of the Membership Interests or any Property and/or all real property, personal property or other interests therein, including without limitation, easements and rights of way, and to sell or otherwise transfer the Fund's interest in any real, personal or intangible property;

(d) To borrow money (whether or not from an Affiliate of the Manager); to make, issue, accept, endorse, hypothecate and execute promissory notes, drafts, bills of exchange, loan agreements and other instruments and evidences of indebtedness; and to secure the payment thereof by mortgage, hypothecation, pledge or other assignment, or granting of security interests in all or any part of any real, personal or intangible property then owned or leased by the Fund;

(e) To develop, repair, renovate or make improvements to any asset owned, leased or occupied by the Fund;

(f) To enter into, perform or enforce, leases, agreements, contracts and undertakings as the Manager may deem necessary or advisable for the conduct of Fund operations;

(g) To open, maintain and close bank and investment accounts and to draw checks and other orders for the payment of money;

(h) To take such actions and incur such expenses on behalf of the Fund as it may deem necessary or advisable in connection with the conduct of Fund operations, including, but not limited to, the reimbursement of all reasonable expenditures made on behalf of the Fund by the Manager or any other Person

;

(i) To invest any funds of the Fund not needed immediately for Fund purposes in stocks, bonds, certificates of deposit, investment grade commercial paper, money market funds, federally insured bank accounts or other securities as the Manager may determine;

(j) To expel from the Fund any Member who has been paid, in cash, by the Fund or by another Member or by any other Person, or who has been offered in cash but has not accepted, the fair market value of the Member's Membership Interest; and

(k) To do any act or execute any document on behalf of the Fund as the Manager, in its sole discretion, deems appropriate to the furtherance of Fund operations.

Section 7.3 Partnership Representative. The Fund hereby appoints the Manager to act as the "partnership representative" as provided in Code Section 6223; the partnership representative shall have all the powers and duties expressly conferred on the partnership representative by the Code, as well as those powers and duties as are necessary and proper for the exercise of the partnership representative's powers and duties under the Code and applicable law. Furthermore, in accordance

with Treasury Regulation Section 301.6223(1)(b)(4), the Fund hereby appoints Justin Ford to act as the “designated individual” to act on behalf of the Manager in its capacity as the partnership representative.

Section 7.4 Compensation; Reimbursement. The Manager shall receive from the Fund, on the first day of each Fiscal quarter, in cash and/or other form(s) of payment then declared to be acceptable to the Manager, a “**Fund Management Fee**” equal to one-fourth of 0.65% of the fair market value of Fund assets on that day; provided, however, that, for this purpose but subject to the requirement that “fair market value” of a Fund asset be determined by a person who is not the Manager or an Affiliate of the Manager, the “fair market value” of a Fund Property shall depend on how long the Fund has owned the Property (including an indirect interest in such Property, with appropriate adjustments). If a Property has been owned by the Fund for less than two years, the “fair market value” shall of such Property, including planned improvements thereon, shall be the Book Value of such Property and such planned improvements; if a Property has been owned by the Fund for two years or more, the “fair market value” of such Property shall instead be the Fund’s net operating income on such Property for the then-most-recent 12-month period (ending on the last day of the preceding Fiscal quarter) multiplied by the capitalization rate (or divided by the capitalization percentage) for the property type in the Coldwell Banker Real Estate Semi-Annual Cap Rate Survey or, if such Survey is not published at such time, such capitalization rate (or percentage) published in another equivalent independent survey or other publication designated in good faith by the Manager. Without in any way limiting the Manager’s authority hereunder, the Manager shall be authorized, on behalf of the Fund and at Fund expense, to employ one or more real estate brokers (other than the Manager or an Affiliate of the Manager) to establish conclusively any information that is necessary or useful to determine the “fair market value” of any asset of the Fund. In addition, subject to the requirement that the “fair market value” of a Fund asset be determined by a person who is not the Manager or an Affiliate of the Manager, the “fair market value” of any security owned by the Fund shall be the most recent closing price of such security on the principal trading market for such security, or the Book Value of such security if such security is not then traded on any public market. The first and last Fund Management Fee shall be prorated as appropriate. Internally, the Fund Management Fee shall be allocated pro rata to each Member in accordance with the Members’ Capital Accounts, but the Fund Management Fee shall be payable to the Manager by the Fund. The Fund Management Fee, together with any and all expenses incurred by the Fund or the Manager to determine and/or to pay the amount thereof, shall be a Fund Expense, and shall not reduce the Manager’s right, if any, to Distributions hereunder.

Except as expressly provided herein, the Manager shall not be compensated for its services in such capacity. The Manager shall be entitled, however, to prompt reimbursement by the Fund for all reasonable out of pocket costs and expenses of every kind and nature paid or incurred by the Manager or in furtherance of the Fund’s operations, including, without limitation, the fees paid to legal counsel, accountants, consultants, contractors and other providers of services to the Fund or the Manager.

Section 7.5 Signing of Documents. The Manager is authorized, in the name of the Fund or of the Manager, and on behalf of the Fund in either case, to sign and deliver all contracts, agreements, leases, notes and other documents and instruments which are convenient for the conduct of Fund operations.

Section 7.6 Manager's Standard of Care. The Manager shall discharge the Manager's duties with respect to the Fund's affairs as provided in Section 7.1.

Section 7.7 Initial Manager. The Fund shall have one Manager, who initially shall be Pax Properties Fund Manager, LLC.

Section 7.8 Resignation or Removal of Manager.

(a) The Manager may resign as the Manager at any time by giving written notice of resignation to the Fund. Such resignation shall take effect upon the Fund's receipt thereof or at such later time as may be specified in the written notice. Unless otherwise specified in the written notice, the acceptance of the Manager's resignation shall not be necessary to make it effective. If the Manager is also a Member, the Manager's resignation as the Manager shall not affect the Manager's rights as a Member.

(b) The Manager may be removed at any time by a written notice signed by Pax and delivered to the Manager. Such a written notice may, but need not, specify a replacement Manager, and no approval by, or notice to, any Person shall be required if such replacement Manager is Pax or an Affiliate of Pax. If such replacement Manager is not Pax or an Affiliate of Pax, either Pax or the replacement Manager shall give prompt written notice to the Members of such removal and replacement, but any failure or delay in such notice shall not affect the validity of any action taken by the replacement Manager.

(c) The death of Justin Ford shall be treated as a resignation of the Manager, in which event the replacement Manager shall be the Person designated as such by Mr. Ford's estate.

(d) Except upon the death of Justin Ford, as provided in the preceding paragraph, following any removal or resignation of the Manager, the replacement Manager shall be selected by Pax, and such replacement may or may not be Pax or an Affiliate of Pax.

Section 7.9 Agreements with Affiliates. The Fund may engage any Person, including a Member, the Manager or an Affiliate of either, to sell or purchase goods or to perform services for the Fund, or to make loans to the Fund or receive loans from the Fund, in each case on such terms and conditions as the Manager may deem appropriate; provided, however, that any contract between the Manager (or any Manager Affiliate, other than the Fund) and the Fund must be on terms that are fair and reasonable to the Fund. Without limiting the preceding sentence, the Fund, in addition to the Fund Management Fee (see Section 7.4) (i) may pay an "Acquisition Fee" as described in the PPM to the Manager or an Affiliate of the Manager; (ii) may pay a "Property Management Fee" as described in the PPM to Pax PM or another Affiliate of the Manager, and/or (iii) may pay a "Construction Fee" as described in the PPM to Pax CS or another Affiliate of the Manager. Neither the Fund nor any Member shall have a right to any amount derived from any such agreement or arrangement.

Section 7.10 Indemnification and Exculpation of Manager.

(a) The Manager shall not be liable to the Fund or any Member or any other Person, and shall be fully indemnified by the Fund, for any action or omission that the Manager believed in good faith was within the scope of the Manager's authority under this Agreement and in the interests of the Fund; provided, however, that the Manager may be liable to the Fund or the Members, and shall not be indemnified by the Fund, if the action or omission: (1) constituted bad faith, or willful or intentional misconduct by the Manager in carrying out the Manager's obligations hereunder; (2) was a transaction from which the Manager derived an improper benefit; (3) was a circumstance under which the liability provisions of Section 605.0406 of the Act are applicable; or (4) was a breach of the Manager's duties or obligations under Section 605.04091 of the Act, taking into account any enforceable variations of such duties and obligations provided for in this Agreement.

(b) Without limiting the foregoing in any way, the Manager shall not be liable to any Person, and the Fund shall fully indemnify the Manager, for the Manager's failure or refusal to perform any acts that are not required of the Manager under this Agreement, or if the action or omission occurred pursuant to the professional advice (based upon a complete and accurate statement of the pertinent facts) of an attorney, accountant, consultant or financial advisor to the Fund or the Manager; or if the action or omission resulted principally from the negligence, dishonesty or bad faith of any agent, attorney or accountant or other consultant, representative, appraiser or broker of the Fund or the Manager selected by the Manager in good faith.

(c) In the event of any legal proceeding, including arbitration, instituted or threatened against the Manager or to which the Manager is or may become a party arising out of an action or omission of such Manager in its capacity as such, whether such proceeding is brought by or on behalf of third parties or by or on behalf of the Fund or by all or any of the Members, individually or as a class, or in a derivative or representative capacity, the Manager shall have the right (1) to obtain legal counsel and other expert counsel at the expense of the Fund, and (2) to participate in such proceeding at the expense of the Fund, and, subject to the reimbursement obligation set forth below, the Manager shall be reimbursed for, indemnified against and saved harmless by the Fund from any liabilities and reasonable costs and expenses incurred in connection therewith.

(d) In any of the situations described above, the Manager shall be entitled to periodic advances from the Fund to pay reasonable attorney's fees, costs and expenses as they are incurred. In the event the Manager is ultimately determined not to be entitled to indemnification by the Fund, it shall immediately repay all advances, without interest, to the Fund, and the Manager, in its capacity as a Member, shall not be entitled to any further Distributions until such amounts have been repaid in full. Except for such advances, indemnification, unless ordered by a court, shall be made as authorized in the specific case only upon a determination by independent legal counsel in a written opinion that indemnification is proper in the circumstances because the Manager has met the applicable standard of conduct.

Section 7.11 Exculpation of Members and Others. Except as otherwise provided in the Act or expressly provided in this Agreement, no Member as such shall be liable to the Fund, any other Member or any other Person (and the interest of the Member in the Fund, and in the assets of the Fund, shall be free of any claims by such a Person) by reason that the Member is or was a Member. It is the intent of this Agreement to restrict the Manager's and the Members' duties

and liabilities to the maximum extent permitted under applicable law. In furtherance of this limitation, it shall not constitute a breach of fiduciary duty or other duty for the Manager to engage, as attorneys, accountants and other advisors on behalf of the Fund, Persons who may also be retained from time to time by the Manager or its Affiliates, or any of their respective officers, directors or shareholders or partners or employees or consultants, and (subject to applicable professional rules) such Persons may be engaged by both the Fund and by the Manager or its Affiliates with respect to any matter. The Manager shall not be responsible for any misconduct or negligence on the part of any such Person.

All exculpation and indemnification provisions of this Agreement or of the Act or any other applicable law or rule shall apply fully, with appropriate adjustments, to any director, officer, stockholder, controlling person, partner, employee, spouse or other family member, agent, attorney or accountant or other consultant, representative, appraiser or broker of the Manager (and to any director, officer, stockholder, controlling person, partner, employee, spouse or other family member, agent, attorney or accountant or other consultant, representative, appraiser or broker thereof, if such Person is an entity), subject to the same conditions and exceptions that apply to the Manager.

ARTICLE VIII Books of Account and Reports; Access to Records; Reporting Requirements

Section 8.1 Books and Records. The Manager shall keep, or cause to be kept, true and correct books of account, in which shall be entered fully and accurately each and every transaction of the Fund. Each Member or his designated agent shall have access at reasonable times during regular business hours at the Fund's office to inspect the Fund's books of account and all other information concerning the Fund required by the Act to be made available to Members, and may make copies at such Member's expense, provided that such Member shall execute a confidentiality agreement on terms reasonably acceptable to the Fund as determined by the Manager. Except as expressly provided otherwise herein, the Fund's books shall be kept in accordance with accepted federal income tax accounting principles, consistently applied.

Section 8.2 Reports. The Fund shall deliver to each Member an unaudited quarterly summary of Fund activities, either on or shortly after or before the Distribution Date for the preceding Fiscal quarter. On or shortly after or before the Distribution Date for the Fund's final Fiscal quarter in every Fiscal Year, the Fund also shall deliver to each Member an annual financial statement (the "*Annual Financial Statement*"). The Annual Financial Statement may be unaudited, or it may be audited by an independent accounting firm selected by the Manager. The Fund also shall deliver to each Member, on or shortly after or before the Distribution Date for the Fund's final Fiscal quarter in every Fiscal Year, the information necessary for the Member's federal income tax return for the prior Fiscal Year. Without in any way limiting the scope of "Fund Expense," all fees and expenses incurred by the Fund or by the Manager in providing any of the reports or other information described in this Section shall be a Fund Expense.

Section 8.3 Banking. All funds of the Fund shall be deposited in its name in such commercial bank accounts, investment bank accounts, savings and loan accounts, money market accounts, U.S. Treasury obligations, or bank certificates of deposit, as the Manager may reasonably determine. All funds of the Fund shall only be used for Fund purposes.

ARTICLE IX Transfers of Membership Interests

Section 9.1 Member's or Assignee's Right to Transfer. Without the prior written consent of the Manager, which consent may be withheld or conditioned for any reason or for no reason in the sole and absolute discretion of the Manager, no Member may transfer (a "**Transfer**") all or any part of its Membership Interest to any Person (an "**Assignee**"). Without limiting the foregoing, the Manager may condition the consent to any Transfer upon delivery to the Fund of an opinion of counsel satisfactory to the Manager that registration is not required for such Transfer, or the submission to the Manager of such other evidence as may be satisfactory to the Manager to the effect that such Transfer will not violate any applicable law or any rule or regulation thereunder. Notwithstanding the above, the Manager shall not refuse or unreasonably delay approval of any Transfer to the Transferor's Affiliate or to any other Person who is a Member.

Section 9.2 Non-Complying Transfers Void. Any attempted Transfer of all or any part of a Member's Membership Interest that does not comply with the provisions of this Article shall be null and void and of no legal effect.

Section 9.3 Admission of Assignee as Member. An Assignee shall have no Management Rights unless (i) the assigning Member possessed such Management Rights with respect to the Transferred Membership Interest, and (ii) the assigning Member assigned such Management Rights to the Assignee, and (iii) the Assignee agrees in writing to be bound by this Agreement, and (iv) the Assignee is admitted as a Member by the Manager, which admission may be withheld or conditioned for any reason or for no reason in the sole discretion of the Manager. Unless an Assignee is admitted as a Member, the only rights of an Assignee are the Economic Rights allocable to the Transferred Membership Interest.

Notwithstanding any other provision of this Agreement, any provision of this Agreement that calls for any action to be taken with respect to Members shall apply equally to Assignees who are not Members to the extent that such action, in the good faith judgment of the Manager, relates to Economic Rights of the Assignee.

ARTICLE X Termination of Fund

Section 10.1 Events Causing Termination. The Fund shall be terminated, its affairs shall be wound up, and the Fund shall thereupon be dissolved in the circumstances described in Section 1.5. Any event (including the passage of time) causing a termination of the Fund shall not affect the validity of, or shorten the term of, any Fund obligation.

Section 10.2 Winding Up. If the Fund is terminated, then the Manager, or if there is then no Manager, such Person as may be determined by Majority Vote (in either case, the "**Liquidator**"), shall proceed without any unnecessary delay to liquidate all Fund assets.

Section 10.3 Application of Assets in Winding Up. After paying or making provision for payment of all Fund liabilities and all expenses incurred in connection with winding up and terminating the Fund, the Liquidator shall make a final distribution under Section 5.3 and shall distribute any remaining net Fund assets to the Members in proportion to their positive Capital Accounts.

If any Member has not received all of his Unreturned Capital Contributions or the Priority Return thereon, the Manager shall first return to the Fund, as may be appropriate in the reasonable judgment of the Liquidator, any or all Distributions previously made to the Manager, for prompt pro rata Distribution to such Member(s). For the avoidance of doubt, such obligation of the Manager to return prior Distributions shall not apply to any amount then or previously paid or Distributed to the Manager or such Affiliate in its separate status (if any) as a Member, to Fund Management Fees, to any amount paid to the Manager or an Affiliate as an Acquisition Fee, a Property Management Fee or a Construction Fee, or to any such amount that is owed but has not been paid. In addition, the Manager's obligation to return prior Distributions shall be net of income taxes conclusively deemed to have been paid on those Distributions by the Manager or the Manager's direct or indirect owner(s), at a 30% rate.

Section 10.4 Negative Capital Accounts. Upon final liquidation of the Fund, if the Capital Account of any Member is negative, the Member shall not be obligated to restore the negative balance in its Capital Account.

Section 10.5 Dissolution. As soon as practicable, the Liquidator shall cause Articles of Dissolution to be filed with the Florida Secretary of State, or shall otherwise cause the Fund to be dissolved.

ARTICLE XI Miscellaneous Provisions

Section 11.1 Firm Name and Goodwill. In this Agreement, no value shall be placed upon the name of the Fund, upon the right to its use or upon any goodwill attached thereto.

Section 11.2 Notices. All notices and other communications hereunder ("notices") shall be in writing. All notices to be sent to the Fund or the Manager shall be sent to the Manager at its address or email address most recently used in communications to Members regarding the Fund. All notices to be sent to a Member, including any successor(s) to the interest of a Member, shall be deemed to have been properly given or served if: (i) personally delivered, (ii) deposited prepaid for next business-day delivery by a nationally recognized overnight courier, addressed to such Member, (iii) deposited in the United States mail, addressed to such Member, prepaid and registered or certified with return receipt requested, (iv) electronically mailed (emailed) to the Member at the email address provided by the Member to the Fund or the sender for the purpose of receiving communications in connection with the Fund; or (v) transmitted via telecopier or other similar device to the attention of such Member. All notices, demands and requests so given shall be deemed received: (i) when personally delivered, (ii) at 11:59 AM on the next business day if such notice has been deposited for next-day delivery with an overnight courier, (iii) at 11:59 AM on the second business day after deposit if such notice has been deposited in the United States mail, or (iv) 2 hours after being telecopied, emailed or otherwise transmitted so long as receipt has been confirmed (if but only if the recipient contends that the notice was not received). In the case of a notice given by email, a sufficient confirmation shall be deemed to have been given if the sender receives a reply email which incorporates the emailed notice or otherwise clearly indicates that the emailed notice was received. The Members and any Assignees shall have the right at any time to change their respective addresses and each shall have the right to specify as such person's address any other address by giving to the Manager at least 10 days' written notice thereof, in the

manner prescribed in this paragraph; provided however, that to be effective, any such notice must be actually received (as evidenced by a return receipt). All Distributions to a Member shall be made at the address to which mailed notices are sent unless otherwise specified in writing by the Member. The preceding portions of this Section shall apply as well to email addresses.

Section 11.3 Amendments. This Agreement may be amended at any time with the written consent of the Manager plus a Majority Vote; provided however, that without requesting or receiving the consent of the Members, the Manager may amend this Agreement to (i) reflect changes validly made in the Members or the Capital Contributions or Percentage Interests of the Members, or any related change in Schedule 4.1 or Schedule 4.2 (though no amendment shall be required to revise either Schedule pursuant to the authority granted to the Manager in Sections 4.1 and 4.2); (ii) reflect a change in the name of the Fund; (iii) make a change that is necessary or, in the opinion of the Manager, advisable to qualify the Fund as an entity in which the Members have limited liability under the laws of any state or foreign jurisdiction or ensure that the Fund will not be treated other than as a partnership for federal income tax purposes; (iv) make a change that, insofar as reasonably appears to the Manager at the time of such amendment, does not and will not adversely affect the Members in any material respect; (v) make a change that is necessary or desirable to cure any ambiguity, to correct or supplement any provision in this Agreement that would be inconsistent with any other provision of this Agreement or to make any other provisions with respect to matters or questions arising under this Agreement that will not be inconsistent with the provisions of this Agreement, in each case so long as such change does not adversely affect the Members in any material respect; (vi) make a change that is necessary or desirable to satisfy any requirements, regulations or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any federal, state or foreign governmental entity, so long as such change is made in a manner which minimizes any adverse effect on the Members, or that is required or contemplated by this Agreement; (vii) make a change in any provision of this Agreement that requires any action to be taken by or on behalf of the Manager or the Fund pursuant to applicable law if the provisions of applicable law are amended, modified or revoked so that the taking of such action is no longer required; (viii) prevent the Fund or the Manager from, in any manner, being deemed an "investment company" subject to the Investment Company Act; (ix) make a change that is required or desirable to comply with changes in generally accepted accounting or valuation principles or practices if the Fund is required to comply with such changes or the Manager, in its sole discretion, deems it advisable for the Fund to do so; or (x) make any other amendments similar to the foregoing. In addition, the Manager may adopt any other amendment to this Agreement, without the consent of the Members, provided that (A) each Member receives at least 30 days' prior written notice of the amendment and (B) each Member is permitted to withdraw all or part of such Member's Capital Account, without any penalty, prior to the effective date of the amendment. Except as may be required by law, the Manager need not give notice to any Member of any amendment adopted solely by the Manager as authorized in this Section 11.3.

Section 11.4 Titles. See Section 2.1.

Section 11.5 Complete Agreement. This Agreement contains the entire understanding among the parties and supersedes any prior understandings and agreements among them regarding the within subject matter. There are no representations, agreements, arrangements, or understandings, oral or written, between or among the parties hereto relating to the subject matter of this Agreement that are not fully expressed herein.

Section 11.6 Governing Law. This Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Florida.

Section 11.7 Number and Gender. See Section 2.1.

Section 11.8 Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their spouses, heirs, executors, administrators, personal and legal representatives, successors and assigns.

Section 11.9 Severability. Each Article and Section hereof shall be considered severable, and if for any reason any Article or Section is determined to be invalid under applicable law, such invalidity shall not affect the valid portions of this Agreement.

Section 11.10 Counterparts. This Agreement may be executed in one or more counterparts, including by facsimile or other electronic transmission, and each of such counterparts shall, for all purposes, be deemed to be an original, but all of such counterparts shall constitute one and the same instrument.

Section 11.11 Jurisdiction and Venue. Any legal proceeding relating to the Fund shall be brought in the courts of the State of Florida, in Palm Beach County or, if other jurisdictional requirements are satisfied, in the district court of the United States for the Southern District of Florida. Each party waives any objection which the party may have to the laying of venue in any of such courts.

Section 11.12 Interpretation. See Section 11.15.

Section 11.13 Personal Liability. Except as expressly provided in this Agreement, in no circumstances shall a shareholder, member, director, officer, employee or agent of any Person be liable for any of the obligations of such Person under this Agreement.

Section 11.14 Tax Treatment and State Law Treatment of Company. The Members intend that the Fund be a partnership for federal, state and local income tax purposes only. The Members do not intend that the Fund be a partnership for any other purpose and no Member shall be a partner or joint venturer of any other Member for any purpose other than federal, state and local income tax purposes, and this Agreement shall not be interpreted to suggest otherwise.

Section 11.15 Legal Representation. Each party has had an adequate opportunity to have this Agreement reviewed by the party's counsel, and to be advised by the party's counsel as to the rights and obligations of the Manager and the Members. This Agreement shall not be interpreted more strictly against one Person than another on the ground that this Agreement was prepared by any Person's counsel. This Agreement has been prepared by legal counsel for the Manager. Each of the other Members acknowledges that the Manager's legal counsel (whether or not identified in the PPM, the Subscription Agreement or this Agreement) has not represented the interests of the Member, or provided any legal advice to the Member, in connection with the preparation of this Agreement or the Member's decision to purchase a Membership Interest in the Fund, even if the Manager's legal counsel has represented any of the other Members in the past. Moreover, it is

anticipated that the Manager's legal counsel may represent (i) the Fund, the Manager, and their Affiliates in connection with matters related to the Fund, and (ii) any of the Members and their Affiliates from time to time in the future on matters unrelated to the Fund. Each of the Members acknowledges that they have been advised and understand that they should seek independent counsel to advise them with respect to their rights and obligations under this Agreement; that they have had the opportunity to seek advice of independent counsel; and that they have been advised that a conflict exists among the interests of the different Members and between the interests of the Members and those of the Manager. The Members acknowledge the foregoing disclosures, and hereby consent to and waive any conflict resulting from the legal representation described above.

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE OR OTHER LAW PURSUANT TO APPLICABLE EXEMPTIONS. WITHOUT SUCH REGISTRATION, SUCH SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED AT ANY TIME WHATSOEVER, EXCEPT UPON DELIVERY TO THE FUND OF AN OPINION OF COUNSEL SATISFACTORY TO THE MANAGER OF THE FUND THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER OR THE SUBMISSION TO THE MANAGER OF THE FUND OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE MANAGER TO THE EFFECT THAT SUCH TRANSFER WILL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE OR OTHER LAWS OR ANY RULE OR REGULATION PROMULGATED THEREUNDER. ADDITIONALLY, ANY SALE OR OTHER TRANSFER OF THESE SECURITIES IS SUBJECT TO CERTAIN RESTRICTIONS THAT ARE SET FORTH IN THIS AGREEMENT.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the day and year first above written.

MEMBER AND MANAGER:

Pax Properties Fund Manager, LLC, a Florida limited liability company, by Pax Properties, LLC, a Florida limited liability company,

by:

John Justin Ford, manager

Signature of each other Member (each a Fund Investor) appears on a Subscription Agreement between the Fund and such Member.

Schedule 4.1 Percentage Interests

<u>Member</u>	<u>Percentage Interest</u>
Pax Properties Fund Manager, LLC	___%
_____	___%
_____	___%
_____	___%
_____	___%

Schedule 4.2 Capital Contributions

Member

Capital Contribution

Pax Properties Fund Manager, LLC

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____