

FORM ADV Uniform Application for Investment Adviser Registration  
Part 2A: Investment Adviser Brochure

Item 1: Cover Page

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This Form ADV, Part 2A (“brochure”) provides information about the qualifications and business practices of Fundrise Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training.

Additional information about the firm and its representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## ITEM 2: Material Changes

Fundrise Advisors, LLC will begin advising real estate investment trusts (each, a “REIT”) sponsored by its parent company effective on or around November 24, 2015. This Form ADV, Part 2A is updated accordingly throughout this document to provide information with respect to such REITs.

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## ITEM 4: Advisory Business

### Introduction and Background

Fundrise Advisors, LLC (“Fundrise Advisors” or the “Firm”) is a wholly owned subsidiary of Rise Companies Corp. (“Rise Companies”, the “Parent”, or “Fund Sponsor”), which was founded in 2012. Rise Companies owns and operates, through its subsidiary Fundrise, LLC, an online investment platform [www.fundrise.com](http://www.fundrise.com) (the “Fundrise Platform”) that allows individuals to become investors in real estate opportunities that may have been historically difficult to access for such individuals. Through the use of the Fundrise Platform, investors can browse and screen real estate investments, view details of an investment and sign legal documents online.

This Firm advises certain real estate investment trusts (each a “REIT” or “Fund”) sponsored by its Parent, and other privately offered pooled investment vehicles investing in real estate and real estate related assets (“Private Funds”). The Firm intends to expand its business to manage more such REITs and Private Funds (collectively, “Funds”). The term client used in this Form ADV shall refer to the Funds unless otherwise noted.

Each Fund shall have an offering document and a subscription agreement which shall be referred to hereafter as “Offering Documents”. This Form ADV, Part 2A may also from time to time refer to investors within the Funds as “Fund Investors”.

The Firm’s role with respect to the Funds is typically to advise and administer such pooled investment vehicles. Fundrise Advisors selects the investments and manages the operations of the Fund. The Firm also typically provides marketing, investor relations and other administrative services on behalf of the Funds.

The Firm also plans to in the near-term perform investment advisory services in a discretionary and non-discretionary capacity for individual clients. Such services would include providing personalized or, initially, solely non-personalized advice with respect to investments in securities to individuals using computer software-based models or applications by means of an “interactive website” based upon personal information which each client supplies through such website. This brochure will be updated to reflect these changes as needed.

The Firm became registered with the Securities and Exchange Commission (“SEC”) as an “internet investment adviser” pursuant to Rule 203A-2(e) of the Investment Advisers Act of 1940 (the “Advisers Act”) effective on September 25, 2014. Under Rule 203A-2(e), the Firm is allowed to register with the SEC even though its assets under management do not meet the \$100 million threshold for such registration due to the Firm’s meeting the following requisites for being an internet investment adviser:

Rule 203A-2(e) states that in order to qualify as an internet adviser, clients must receive investment advice exclusively through an interactive website. An internet adviser’s

interactive website must provide advice through computer-based models or applications based on personal information supplied by the client.

Also, the investment adviser must (i) limit the number of clients to which it provides investment advice by any other means to fewer than 15 clients during the preceding twelve months; (ii) maintain, in an easily accessible place, for a period of not less than five years from the filing of a Form ADV that includes a representation that the adviser is eligible to register with the Commission pursuant to Rule 203A-2(e), a record demonstrating that it provides investment advice to its clients exclusively through an “interactive website” in accordance with the limits in paragraph (e)(1)(i) of the rule; and (iii) have no control, not be controlled by, and not be under common control with, another investment adviser (the “related adviser”) that registers with the Commission under Advisers Act Rule 203A-2(b) solely in reliance on the “internet investment adviser” being its “registered adviser”.

The Firm is able to rely upon Rule 203A-2(e) because the REIT and other Fund advisory clients are well within the maximum number of clients receiving advisory services by “other means” and the Firm meets each of the remaining requirements for being excepted from the prohibition, pursuant to Section 203A of the Advisers Act of its becoming an SEC investment adviser registrant.

On behalf of the REIT and other types of pooled investment vehicles, the Firm will typically formulate and oversee the implementation of investment strategies, administration and operations of the Funds. The Firm expects that the other pooled investment vehicles or Funds which it will advise will have strategies which are also real estate focused however asset classes or allocations may vary.

The following enumerates certain potential conflicts of interest in addition to others described within this Form ADV, Part 2A, which should be carefully evaluated before making an investment in any Fund advised by the Firm.

#### Valuation of Assets

The management fee received by the Firm is calculated based upon valuations ascribed to the Fund’s holdings. On behalf of any Fund (including REITS or other pooled investment vehicles) which the Firm advises, the Firm expects to engage an independent valuation expert with expertise in appraising commercial real estate loans and assets to provide annual valuations of certain of each Fund’s commercial real estate assets and investments, including related liabilities, to be set forth in individual appraisal reports of the underlying real estate, and to adjust those valuations for events known to the independent valuation expert that it believes are likely to have a material impact on previously provided estimates of the value of the affected commercial real estate assets and investments and related liabilities. It is expected that each Fund’s commercial real estate related liabilities will consist primarily of related party loans and participation interests. In addition, each Fund’s assets will include liquid assets and securities classified as held to maturity, which will not be valued by our independent valuation expert, and cash and cash equivalents. The Firm

will inform the independent valuation expert if a material event occurs between scheduled annual valuations that it believes may materially affect the value of the Fund's assets.

Each Fund has detailed valuation policies that shall be administered and overseen by the Firm.

#### Dependence on Key Employees

A client's success depends, in part, upon the ability of the Firm's executive officers, key real estate and debt finance professionals to achieve the targeted investment goals. The loss of any of these executives or other key personnel could adversely impact the ability to achieve such investment goals and objectives of the Fund(s).

#### Competing Time Pressures

Certain key executives are also officers, directors, managers and/or key professionals of the parent and its affiliates. As a result, they will face conflicts of interest, including time constraints, potential allocation of investment opportunities and significant conflicts created by our Firm's compensation arrangements with the REIT and other affiliates of our Parent.

#### Conflict of Interest Policies

If the Firm has a conflict of interest that is not otherwise covered by an existing policy adopted by the Firm or a transaction is deemed to be a "principal transaction", the Firm will appoint an independent representative (the "Independent Representative") to protect the interests of the Fund Investors and review and approve such transactions. Principal transactions are defined as transactions among or between the affiliates of the Firm. The Firm is only authorized to execute principal transactions with the prior approval of the Independent Representative and in accordance with applicable law. Such prior approval may include but not be limited to requiring the use of pricing methodologies for the valuation of assets and/or liabilities for which there are no readily observable market prices

#### Wrap Fee Program

The Advisor does not offer or provide advisory services to a wrap fee program.

#### Assets Under Management

The Firm does not yet have assets under management as its first Fund under advisement is a REIT which is expected to have a qualified Regulation A offering with the SEC on or around November 24, 2015. The REIT is attempting to raise \$50,000,000 in its offering.

#### ITEM 5: Fees and Compensation

Existing and prospective Fund Investors should review the Offering Documents of each Fund advised by the Firm in conjunction with this Form ADV, Part 2A for complete information on the fees and compensation payable with respect to a particular Fund. Different Funds may be subject to different management fees. Fund Investors should note that similar advisory services may (or may not) be available from other investment advisers

for similar or lower fees. Information regarding amounts of management fees to be charged can be found in the Offering Documents of each Fund.

The Firm is typically authorized under the Fund's offering documents (as is the case with respect to a REIT) to charge and deduct fees directly from the Funds. The Firm will receive a 1.00% per annum management fee, paid on a quarterly basis, for advising and administering a REIT. In addition a REIT will typically reimburse the Firm on a monthly basis for out of pocket expenses as a result of performing its role on behalf of the REIT.

The Firm (and its personnel) does not accept compensation from the purchase or sale of any Fund shares, other third party securities or investment products.

#### Fee Sharing

Advisory services are only provided for investments distributed by the Parent or an affiliate such as a REIT. There are no fee sharing arrangements.

### ITEM 6: Performance-based Fees and Side-by-Side Management

Fundrise Advisors does not charge performance based fees, i.e., the fees charged are calculated as described above and are not charged on the basis of a share of capital gains or capital appreciation of the Funds.

### ITEM 7: Types of Clients

As discussed above, the Firm advises a REIT and other privately offered pooled investment vehicles investing in real estate and real estate related assets. The Firm intends to expand its business to manage more such REITs and Private Funds.

As discussed above, unless otherwise noted, clients of the Firm discussed in this brochure will typically refer to the pooled investment vehicle(s) under its advisement until the Firm expands its business to offering advice to individuals. Fund Investors shall refer to investors in the Funds.

Each Fund has specific eligibility criteria which must be met; however, generally speaking, Fund Investors for the REIT must be "qualified purchasers" as defined under Regulation A adopted by the SEC pursuant to the Securities Act of 1933 (the "1933 Act"). For other Funds offered under the SEC's Regulation D pursuant to the 1933 Act, Fund Investors must at a minimum be accredited investors as defined by Regulation D.

With respect to the Funds, minimum investments are generally set forth in each Fund's Offering Documents.

## ITEM 8: Methods of Analysis, Investment Strategies, Risk of Loss

Fundrise Advisors tailors its advisory services to the specific investment objectives and restrictions of each Fund pursuant to the investment guidelines set forth in each Fund's Offering Document. Existing and prospective Fund Investors of each Fund should refer to the Offering Document of the applicable Fund, including the REIT, for complete information on the methods of analysis, investment objectives and investment restrictions with respect to such Fund. There is no assurance that any of the Funds' investment objectives will be achieved.

Fundrise Advisors employs a rating tool that corresponds to an investment's numerical score in its project analysis. The project analysis is a quantitative method of measuring eight key risk criteria of a real estate investment. Each of the eight objective criteria is assessed and scored a corresponding number of points, resulting in a total numerical score ranging from 6 to 20. A Project Analysis score of 6-8 will result in an A1-A3 rating, 9-11 in a B1-B3 rating and so on.



A			B			C			D			E		
A1	A2	A3	B1	B2	B3	C1	C2	C3	D1	D2	D3	E1	E2	E3
<b>Capital Senior to Fundrise</b>			<b>Notes</b>						<b>Points</b>					
0%			—						0					
1-49%			—						1					
50-59%			—						2					
60-69%			—						3					
70-79%			—						4					
<b>Capital Junior to Fundrise</b>			<b>Notes</b>						<b>Points</b>					
40% or more			—						1					
30-39%			—						2					
20-29%			—						3					
10-19%			—						4					
<b>Location</b>			<b>Notes</b>						<b>Points</b>					
Primary			Core urban area in a top 10 <a href="#">United States MSA</a>						1					
Secondary			Suburban or secondary urban market						2					
Tertiary			Rural or emerging real estate market						3					
<b>Occupancy</b>			<b>Notes</b>						<b>Points</b>					
Occupied			90%+ leased with stable cash-flow						1					
Leasing			Partially vacant with some cash-flow						2					
Vacant			No leases in place and zero cash flow						3					
<b>Development Phase</b>			<b>Notes</b>						<b>Points</b>					
Stabilized			Management of an existing asset with no major improvements required						1					
Value-Add			Existing asset with rehab or redevelopment work required						2					
Ground-Up			Raw land with entitlements and/or new construction required						3					
<b>Sponsor's Track Record</b>			<b>Notes</b>						<b>Points</b>					
\$250 million or more developed			—						1					
\$50-249 million developed			—						2					
Less than \$50 million developed			—						3					
<b>Personal Guaranty</b>			<b>Notes</b>						<b>Points</b>					
Yes			The sponsor's personal assets are collateral for the investment						-1					
No			No personal guaranty in place						0					
<b>Secured by the Property</b>			<b>Notes</b>						<b>Points</b>					
Yes			The property is collateral for the investment						-1					
No			No property guaranty in place						0					

For example, Fundrise Advisors would score the hypothetical project below as a D15 out of 20 based on where it fell within the risk criteria



Category	Assessment	Points
Capital Senior to Fundrise	70-79%	4
Capital Junior to Fundrise	10-19%	4
Location	Primary	1
Occupancy	Vacant	3
Development Phase	Value-Add	2
Sponsor's Track Record	\$250 million or more	1
Overall		15 D1

The information contained in the rating is for informational purposes only. It is impersonal and not individualized for any specific investor's financial situation and is not investment advice. The ratings are not intended to be, nor should anyone interpret them to be, a prediction of how a particular investment will actually perform.

## Real Estate Investment Trusts

The investment strategy of each REIT will generally be to use substantially all of the proceeds of the offering to originate, acquire, asset manage, selectively leverage, syndicate and opportunistically sell investments in a variety of commercial real estate assets based on a particular investment strategy.

## Risk of Loss

In all cases, existing and potential Fund Investors are advised that investing in real estate involves speculative risk, which could result in a complete loss of principal and no return is guaranteed. In addition there are no assurances a Fund Investor's desired return or risk level can, or will, be achieved.

The risks associated with an investment a Fund are more fully described in each Fund's Offering Documents for such Fund and an existing or prospective Fund Investor must carefully review such information prior to making an investment in a Fund.

## ITEM 9: Disciplinary Information

As a registered investment adviser the Firm is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or Fund Investor's evaluation of the Firm or the integrity of the Firm's management. Fundrise Advisors has no information which it is required to disclose in response to this Item.

#### ITEM 10: Other Financial Industry Activities and Affiliations

Fundrise Advisors and its personnel generally do not maintain relationships material to Clients, Investors or with related persons in the financial or real estate industries. Executive officers of Fundrise Advisors also serve as executive officers of the Parent company and other affiliates. While the Firm believes that these relationships may be material to its business operations, it does not believe that these relationships present material conflicts of interest with respect to the Firm's clients.

As discussed above, Fundrise Advisors is a wholly-owned subsidiary of Rise Companies. While neither Rise Companies nor its affiliates are a bank, a broker-dealer or other traditional financial industry participant, Rise Companies or certain of its affiliates act as the originator of the investments in which the Firm's clients invest. The Firm advises the REIT and expects to advise other pooled investment vehicles which will be sponsored by the parent company or affiliates of the Firm. The Firm's services do not relate to any other type of financial product, and accordingly its business is wholly dependent on the continued operation of Rise Companies and its affiliates. Additionally, because Fundrise Advisors is a wholly-owned subsidiary of Rise Companies, the Firm shares certain personnel with Rise Companies (as noted above).

In addition, Mr. Benjamin Miller, an executive of the Firm acts as the Manager of WestMill Capital Partners, LLC ("WestMill"), a real estate development company located in Washington, DC, which is not an affiliated entity of Rise Companies or the Firm. In the event that WestMill were to utilize the Fundrise platform, potential conflicts of interest would exist between the interests of Mr. Miller in his capacity as Manager and Principal of WestMill, and his obligations to the Firm. In order to address this potential conflict of interest, the Firm shall not purchase any securities or assets on behalf of clients that correspond to a project investment involving WestMill unless the Firm's Independent Representative approves such purchase.

#### ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Fundrise has adopted a Code of Ethics (the "Code") that sets forth the standards of conduct expected of the Firm's personnel and addresses potential conflicts that arise from, among other things, personal trading by personnel. Pursuant to the Code, the Firm's *access persons*<sup>1</sup>

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<sup>1</sup>*Access person*: Defined under Rule 204A-1 of the Advisers Act. An Access Person is any of the firm's supervised persons who have access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or those involved

are required to provide both initial and annual securities holdings reports as well as periodic transactions reports.

Fundrise's Personal Trading Policy is governed by an overriding principle: the Firm and its personnel must manage both real conflicts and the appearance of conflicts. If an access person doubts the propriety of any personal trade, such doubt is resolved in favor of not trading. The Firm maintains a restricted list. Access Persons are prohibited from investing in any investments on the restricted list. Individuals who do not act in accordance with the Code may be subject to discipline, including fines, suspension, or termination.

#### ITEM 12: Brokerage Practices

The Advisor does not utilize broker-dealers for its investment activities.

Among the duties of registered investment advisers is the fair and equitable treatment of its clients. In order to fulfill this fiduciary obligation, the Firm must establish a policy for the equitable allocation of an investment opportunity among clients to avoid favoring one client account over another (or one Fund over another). While a variety of allocation methods may be acceptable, consistency in application is an essential element of an appropriate policy

Though not an issue at this time, the Firm will allocate investments fairly and not favor certain Funds with respect to investment opportunities. In addition, the Firm will prohibit allocating profitable or unprofitable investments that may fall outside of the Firm's normal allocation policies that would disproportionately favor certain Funds.

The Firm intends to expand its advisement to additional pooled investment vehicles and eventually to individuals. In such event, the Firm has developed policies and procedures to address potential conflicts which could result from expanding the number of Funds under advisement.

#### ITEM 13: Review of Accounts

The Firm's Investment Committee periodically reviews the assets of each Fund to support compliance with the guidelines and restrictions discussed in the Fund's Offering Documents.

#### ITEM 14: Client Referrals and Other Compensation

Fundrise Advisors does not currently have any client or Fund Investor referral or other compensation arrangements with third-parties.

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in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. A firm's directors, officers and partners are also presumed to be access persons.

## ITEM 15: Custody

Investment advisers with custody of client funds and securities must maintain them with “Qualified Custodians”. “Qualified Custodians” under the amended rule include banks and savings associations and registered broker-dealers. Rule 206(4)-2 requires that registered investment advisers with custody of clients’ funds or securities have a reasonable belief that a Qualified Custodian holding the assets provides periodic account statements to those clients (the “account statement delivery requirement”). The amended and revised Rule 206(4)-2 of the Advisers Act sets forth extensive requirements regarding possession or custody of client funds or securities. The Rule requires advisers that have custody of client securities or funds to implement a set of controls designed to protect those client assets from being lost, misused, misappropriated or subject to the advisers’ financial reserves.

Under Rule 206(4)-2 d(2)(iii) when the registered investment adviser acts in a capacity such as the managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, that gives the adviser access to the funds’ securities, then such adviser is considered to have custody over those assets. Therefore, the Firm as the managing member of the REIT, does have “custody” under the rule.

The Firm shall cause each Fund, including the REIT, with assets over which it is deemed to have “custody” to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), to Fund Investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, the Firm will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all Fund Investors promptly after completion of the audit.

## ITEM 16: Investment Discretion

On behalf of the REIT and other types of pooled investment vehicles, the Firm has full investment discretion over the management of the assets in the Funds. Any limitation on Fundrise Advisor’s authority over investment decisions is described in the Funds’ Offering Documents.

## ITEM 17: Voting Client Securities

While investments to be made on behalf of the REIT and other Private Funds are not likely to constitute voting securities, there may be occasions when consents on behalf of the Funds are solicited. In such cases, the Firm will act in the best interest of the Funds and Fund Investors.

## ITEM 18: Financial Information

The Firm does not believe that there are any current financial conditions that are reasonably likely to impair the Firm's ability to meet contractual commitments to clients. Furthermore, Fundrise Advisors has not been the subject of a bankruptcy petition or proceeding at any time in the past ten years.