

RESMARK EQUITY PARTNERS, LLC

Firm Brochure

(Form ADV, Part 2A)

December 31, 2016

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This brochure provides information about the qualifications and business practices of Resmark Equity Partners, LLC. If you have any questions about the contents of this brochure, please contact us (310) 474-8400. 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.

Additional information about Resmark Equity Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser with the U.S. Securities and Exchange Commission does not imply a certain level of skill or training.

MATERIAL CHANGES SINCE LAST ANNUAL UPDATE OF THIS BROCHURE

The following is a discussion of only the material changes since the last annual update of our brochure, which was made on December 31, 2015.

- **Assets under management.** Our assets under management are \$795,177,000 as of December 31, 2016. Further information is available under the heading "Advisory Business" on page 1.

TABLE OF CONTENTS

MATERIAL CHANGES SINCE LAST ANNUAL UPDATE OF THIS BROCHURE.....	i
TABLE OF CONTENTS	ii
ADVISORY BUSINESS	1
FEES AND COMPENSATION	2
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	3
TYPES OF CLIENTS	3
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	4
METHODS OF ANALYSIS.....	4
INVESTMENT STRATEGIES.....	4
Multifamily Real Estate	4
For-Sale Single Family Housing Properties	5
Unimproved Land and Substantial Development of Properties	5
RISK OF LOSS	6
Illiquidity.....	6
Use of Debt Financing	6
Competition.....	6
Uninsured and Uninsurable Losses.....	7
Environmental Hazards.....	7
Terrorism And Uncertainty Of War.....	8
Governmental Regulation	8
Risks for All Types of Real Estate Related Investments	8
DISCIPLINARY INFORMATION.....	8
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	8

CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING	9
BROKERAGE PRACTICES	9
REVIEW OF ACCOUNTS	10
CLIENT REFERRALS AND OTHER COMPENSATION.....	10
CUSTODY	10
INVESTMENT DISCRETION.....	10
VOTING CLIENT SECURITIES	11
FINANCIAL INFORMATION.....	11

ADVISORY BUSINESS

Resmark Equity Partners, LLC and its affiliated companies Resmark Equity Partners III, LLC, Resmark Equity Partners IV, LLC and Resmark Equity Partners V, LLC (collectively referred to as "**Resmark**") is a full-service residential real estate adviser and management firm headquartered in Los Angeles, California. We have been in business since 1995 when we were known as Olympic Realty Advisers. In 2002 we became known as Resmark Equity Partners and Resmark Equity Partners, LLC has been a registered adviser since December 2001.

Our principal owners are family trusts and family limited liability companies controlled by Robert N. Goodman, our Chairman of the Board and Chief Executive Officer.

Our business is limited to providing investment management and supervisory services to clients regarding all aspects of residential real estate investments. Resmark manages and advises the acquisition, financing, management, development and disposition of residential for-sale single family and multifamily units (for sale and for rent) and land for development with for-sale single family housing lots for sale to builders in the Western United States and other select markets nationwide. Our clients hold interests in limited partnerships and limited liability companies managed by us which make the real estate investments. Our services include (1) real estate investment review, analysis and recommendation; and (2) real estate asset management including (a) management of property acquisition, development and disposition, (b) review, analysis and recommendation related to acquisition documentation, land use and entitlements, market and cost feasibility, (c) review, analysis and recommendation of equity co-investment and debt financing (such as a participating loan or mezzanine debt) and (d) other activities related to the foregoing.

We do not provide advice with respect to any type of publicly traded securities.

We provide our investment management services only to clients who have elected to allocate a portion of their overall investment portfolio to residential real estate related investments. Clients may impose restrictions on investing in certain types of residential for-sale single family and multifamily real estate related investments and land to be developed and improved with single family residential lots for sale to merchant homebuilders. These restrictions may be based on geography, project size, land use issues or status of development previously undertaken on the property, if any, price, and other factors meeting the client's specific investment and risk parameters. These restrictions are agreed to at the time of entering into or renewing the investment management agreement, limited partnership agreement or limited liability company agreement with the particular client, or at other times if the agreement provides for more frequent changes.

We do not participate in wrap fee programs.

As of December 31, 2016, we manage the following amount of client assets:

Discretionary basis:	\$795,177,000
Non-discretionary basis	\$0

FEES AND COMPENSATION

With respect to the existing funds under management, and in consideration for real estate advisory services encompassing acquisition, management, development and disposition of residential real estate and real estate-related assets, Resmark receives asset management fees based upon either the costs to acquire and develop the project or gross revenues from the project, and performance-based/incentive fees determined by the investment returns realized from the underlying real estate investments.

We do not have a standard fee schedule, and all fees are negotiable. All fees are negotiated separately with clients and depend upon the services to be provided to the client. When we act as a sponsor of or adviser to an investment-related partnership, our fees are contained in the pertinent partnership or limited liability company documents.

Generally we deduct fees from clients' assets, although in negotiating our fees with clients, clients may select whether to allow us to deduct fees from their assets or to be billed for fees incurred. Up to one-half of the fixed fee may be paid upon entering into a particular investment with the balance payable monthly or quarterly over the projected life of the investment. Incentive fees are payable in arrears in accordance with schedules negotiated with clients or pursuant to the terms of the investment management agreement, limited liability company agreement or partnership agreement for the particular client.

All fees that a client will pay to us will be described in an investment management agreement, limited liability company agreement or partnership agreement that we have negotiated with the client. However, a client (or the particular fund/entity in which the client has made an investment) may pay other types of fees or expenses to third parties in connection with our investment management services. These fees and expenses, which we may deduct from the client's account, include the following:

- Fees paid to consultants in connection with due diligence investigation of a particular investment including environmental, soils and geotechnical, engineering, market, and cost consultants.
- Real estate brokerage fees and commissions.
- Loan fees and commissions.
- Bank and custodial fees.
- Escrow fees.

- Legal fees.
- Property management fees.

A client or the particular fund/entity in which the client has made an investment, may incur brokerage fees or commissions when real estate related investments are sold or otherwise disposed of from their accounts, or loan fees or commissions when financing is obtained that is secured by the fund's or client's real estate related investments. For a further discussion of these practices, please refer to "Brokerage Practices" on page 9 below.

None of our fees must be paid in advance.

None of our employees or any other supervised person accepts or receives direct compensation for the sale of securities or other investment products.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We accept performance-based fees from all current clients. Performance-based fees are fees based on the extent to which the rates of return from an investment, or a particular pool or tranche of investments, exceed agreed-upon thresholds, and are also known as "incentive fees". Currently, we do not manage any accounts for clients for which a performance-based fee is not charged.

Because all fees are negotiated separately with each client (See "Fees and Compensation" on page 2 above), we manage accounts for clients who may have agreed to pay us different kinds or rates of fees, including performance-based fees, asset management fees and other fees. This may create a conflict of interest because we have an incentive to favor accounts for which we receive greater fees by recommending real estate related investments to clients who pay us higher fees over clients who pay us lower fees. This conflict is mitigated by a mandatory rotation system currently in place for the allocation of residential real estate investments between our existing clients with similar investment parameters and objectives. The record of investments so allocated is available annually to those clients subject to the rotation system upon request. Neither we nor our related persons are prohibited from engaging, directly or indirectly, in any other business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition, development, ownership, management, leasing or sale of real estate assets. Resmark, our clients and all of our respective affiliates, own interests in many other real estate related investments that may have one or more investment objectives similar to the investment objectives of other clients and prospective clients.

TYPES OF CLIENTS

We generally provide investment advice to institutional clients only, including government entities, pension and profit sharing plans, corporations and other businesses not listed above. We have sponsored and provided investment advice to

investment-related partnerships and limited liability companies whose investors include institutional investors. Resmark does not currently have a minimum account size, but the smallest current account is \$200 million.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

METHODS OF ANALYSIS

Our methods of analysis of residential real estate related investments cover all aspects of project feasibility, financial structure and market analysis at the investment market level and the development level. Special emphasis is given to the investment's anticipated holding period and an evaluation of the investment's risks and its projected returns.

Investment analysis is conducted by our internal staff who receive and analyze information about residential real estate related investment opportunities. The information on which analyses are based is obtained from (1) real estate brokers, builders and sellers of the residential real estate related investment opportunities, and is verified through on-site investigations by our staff, at least one member of our investment committee and third party consultants, (2) industry sources, and (3) government reports. Our analysis of a given residential real estate related investment opportunity includes a comprehensive due diligence asset review, the preparation of a formal investment recommendation, and approval by our investment committee.

INVESTMENT STRATEGIES

We pursue a "value added" strategy and development-oriented platform for residential real estate related investments consisting of construction, development and sale of single family homes, and acquisition, development, construction, lease-up and management of multifamily housing communities. We also make investments in acquisitions of land for entitlement and development as single family residential lots for sale to merchant builders. Resmark seeks opportunities in residential real estate in select markets nationwide, although we focus primarily on investments in the Western United States.

Multifamily Real Estate

Through our value-added strategy we select opportunities to reposition and/or improve the value of acquired multifamily assets through reducing expenses, improving financing on the projects, enhancing operational efficiencies, increasing rents and other sources of revenue, and making capital improvements. For example, with multifamily residential real estate assets, we may seek revenue growth through the replacement of below-market tenancies, refurbishing public areas or retrofitting operating systems. Resmark also invests in the construction, development, lease-up and management of new multifamily communities. Most multifamily related investments are expected to be held over intermediate terms of approximately five to seven years. All real estate related investments involve risk of loss that clients should be prepared to bear. Please see

"Risks for All Types of Real Estate Related Investments" on page 8 below for a further discussion of some of these risks.

For-Sale Single Family Housing Properties

Resmark invests in the construction, development and sale of single family housing projects (attached and detached) that may involve discrete single-family residential housing properties wholly-owned by the fund in which the client has invested, or joint venture investments by a fund with one or more developers/builders. A particular housing project may or may not also include incidental commercial/multifamily development and project amenities. In these investments, the client may, through a limited partnership or limited liability company, or through a joint venture agreement, indirectly own an interest in a project owner or a portfolio of project investments. With respect to those investments that are wholly-owned by a Resmark managed fund, the fund engages a third-party homebuilder to build, market and sell the finished homes for a fee which sometimes may include a participation by the homebuilder in the profit after the fund has received its capital and a target investment return. The single family housing investments must generally meet investment criteria specified in the limited partnership agreement, limited liability company agreement or other investment management agreement that the client is a party to. These for-sale single-family housing projects also involve risk of loss that clients should be prepared to bear. Please see "Risks for All Types of Real Estate Related Investments" on page 8 below for a further discussion of some of these risks.

Unimproved Land and Substantial Development of Properties

Resmark makes investments involving the acquisition of land to be entitled (i.e. obtain the necessary land use approvals and permits), developed and improved with single family residential lots for sale to merchant homebuilders. These investments may be wholly owned by a Resmark managed fund, or as a joint venture between the fund and a third-party land developer. These types of investments, sometimes referred to as "A&D Projects", present opportunities for relatively high returns accompanied by higher risks than investments in stabilized, fully-improved multifamily communities, or fully entitled for sale single family residential projects. The higher risk is due primarily to the time required (typically several years) and the uncertainty of ultimately being able to obtain the necessary land use approvals and permits from the governmental agencies having jurisdiction over the project, the risk of changes in laws and regulations before the approvals are obtained, the fact that significant amounts of capital are tied up in the land and its development with little or no revenues being generated, the risk of significant changes and swings in the economy, costs of materials and labor, and the capital and residential housing markets between time of land acquisition and ultimate marketing and sale of the land as single-family lots. Some of these risks may be mitigated by entering into forward sale agreements or option agreements with builders but, as we saw in the most recent collapse in the housing market, builders may walk away from those agreements if the projected land values or home prices deteriorate. All real estate related investments involve risk of loss and other risks that may affect the performance and value of the investment that clients should be prepared to bear.

Please see "Risks for All Types of Real Estate Related Investments" on page 8 below for a further discussion of some of these risks.

RISK OF LOSS

Illiquidity

Real estate related investments tend to be highly illiquid which creates a risk that a client, or the investment vehicle in which the client has invested, may not be able to dispose of an investment in sufficient time in response to market conditions and other factors to realize cash proceeds that may be needed for other purposes. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual impediments such as the imposition of prepayment restrictions or penalties through asset-level debt financing.

Use of Debt Financing

Some real estate related investments may utilize a leveraged capital structure, in which case a third party lender would be entitled to cash flow generated by the investments prior to the client's receiving a return of capital and/or profit. Fluctuations in interest rates may adversely affect the ability to successfully acquire or dispose of investments and may also adversely affect the performance of a client's investments. Use of borrowed funds to leverage acquisitions involves a high degree of financial risk and can exaggerate the effect of any increase or decrease in value of an investment and will increase the exposure of the investments to adverse economic factors, such as fluctuations in interest rates, downturns in the local economies in which the investments are located, higher rates of unemployment and underemployment, or the deterioration in the physical condition of the investments.

Competition

Real estate related investments are also subject to significant competition from developers, financial institutions and other investors who have substantial resources that may adversely affect real estate investment opportunities. Competition from a variety of sources may limit the number of opportunities to meet a client's investment objectives.

Uninsured and Uninsurable Losses

Prior to acquiring a real estate related investment, we require that commercial general liability, fire, and extended coverage insurance for the property be obtained in amounts customarily obtained for similar properties in the same general area. Some losses, however, may be either uninsurable or not economically insurable. Should an uninsured loss occur, the client could lose its investment in a property as well as its anticipated income from that property. In addition, there are certain types of losses, generally of a catastrophic nature, resulting from, for example, earthquakes, floods, hurricanes and other natural disasters, nuclear contamination and terrorist acts, that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the property pledged as collateral for loans, and other factors also might make it economically impractical to use insurance proceeds to replace improvements on a property if it is damaged or destroyed. Under those circumstances, the insurance proceeds received, if any, might not be adequate to restore the investment with respect to the affected property.

Environmental Hazards

Claims based on environmental problems associated with real estate related investments may create a risk of loss to a client. Residential real estate investments may incur significant costs, expenses and delays related to environmental matters. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in the property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. In addition, the presence of hazardous or toxic substances, or the failure to remediate the property properly, may adversely affect the owner's ability to borrow using the property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances also may be liable for the costs of removal or remediation of these substances at the disposal or treatment facility, whether or not the facility is or ever was owned or operated by the person who made these arrangements. Certain environmental laws and common law principles may be used to impose liability for the release of asbestos-containing materials ("ACMs") into the air and third parties may seek recovery from owners or operators of real properties for personal injuries associated with exposure to released ACMs. Thus, a client who acquires a real estate related investment may be potentially liable for these costs if this sort of liability were to arise in connection with the ownership of its assets. Prior to making a real estate related investment on behalf of a client, we require a qualified environmental consultant to conduct a current environmental assessment of the property and prepare a report (referred to as a Phase 1) and, if recommended by the consultant, further investigation and testing if hazardous materials are or have been present on the property; and we will not recommend investment in a property with material environmental risk. These investigations and reports, however, are no guaranty that a property has no contamination.

Terrorism and Uncertainty of War

Through our investment strategies we tend to select real estate related investments that often times are located in or near major metropolitan areas of the United States. Real estate in these areas could be subject to future acts of terrorism. Future terrorist attacks and the anticipation of any such attacks could have an adverse impact on the U.S. financial and insurance markets and economy. In addition, the uncertainty of war, both here and abroad, could adversely affect financial markets and the overall economy. These adverse impacts may directly adversely impact a client's real estate related investment, through, for example, a decline in residential demand, governmental restrictions on travel, and the reduction in the availability of insurance at reasonable rates or at all. It is not possible to predict the severity of the effect that such future events would have on the U.S. financial and insurance markets and economy or a client's real estate related investment.

Governmental Regulation

Laws and regulations can significantly affect the ability to acquire, develop, finance, improve or sell residential and other real estate related investments. They can also affect operating costs for real estate related investments. These may include growth moratoriums, laws intended to reduce environmental impact of property operations, requiring retrofitting or replacement of major systems and components to reduce energy consumption, restrictions on physical expansion and limitations on traffic and parking.

Risks for All Types of Real Estate Related Investments

All real estate related investments are subject to a variety of common risks. These include the general economic climate, local real estate conditions, geographic or market concentration, competition from other properties, government regulations, and fluctuations in interest rates. In addition, real estate related investments incur the burdens of ownership of real property generally, which include the paying of operating expenses and property taxes, paying for the cost of development and/or redevelopment of the property, and maintaining the property and its improvements. As we witnessed in the most recent prolonged recession and collapse in the housing markets, the capital markets are globally connected and a disruption in the economies in Europe or Japan, for example, may have a deleterious impact on the United States economy generally and the housing markets specifically.

DISCIPLINARY INFORMATION

None.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We or an entity related to us may act as the general partner of a limited partnership or as the managing member of a limited liability company formed to acquire real estate

related investments (collectively, the "SPVs"). We act as the investment adviser to the SPVs. Our clients have been solicited to invest in the SPVs, and we have recommended that some clients do so by acquiring securities issued by the SPVs. In these cases, we disclose in the pertinent SPV documents (on behalf of ourselves and any related persons) the nature and extent of our or their interests, including the manner of computing fees and other remuneration either of us may receive. Those clients who invest in the SPVs may also be represented by independent advisers of their own selection.

CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Our Code of Ethics requires, among other things, adherence by us and our supervised persons to standards of business conduct, fiduciary duties, compliance with Federal securities laws (including insider trading prohibitions), and reporting violations of the Code of Ethics. It also sets standards of care and responsibility, prescribes means of avoiding conflicts of interest and requires furnishing reports in appropriate circumstances. A copy of our Code of Ethics will be provided to any client or prospective client upon request.

As discussed above, we or an entity related to us may act as the general partner or as the managing member of the SPVs. We also act as the investment adviser to the SPVs. Our clients have been solicited to invest in the SPVs, and we have recommended that some clients do so by acquiring securities issued by the SPVs. In these cases, we disclose in the pertinent SPV documents (on behalf of ourselves and any related persons) the nature and extent of our or their interests, including the manner of computing fees and other remuneration either of us may receive. Those clients who invest in the SPVs may also be represented by independent advisers of their own selection.

BROKERAGE PRACTICES

We recommend and select real estate brokers for a number of functions related to our clients' real estate related investments. These functions include, among other matters, providing information to us about investments that are available for acquisition, selling real estate related investments, and arranging financing for the acquisition and development of the investments.

Factors involved in selecting a broker include the broker's experience with (1) the geographic area where the asset or collateral is located, (2) the type of asset to be sold, and (3) the typical market (buyers) for the asset to be sold. Generally, qualified brokers are requested to submit marketing plans and proposed commission schedules prior to selection. We evaluate the reasonableness of the proposed commission on the basis of both competitive bids received and our experience in the marketplace. On occasion, we may select real estate brokers without first requiring competitive bids. In this case, brokers would be selected on the basis of our prior experience with them, the positive

results obtained previously, and the strength of their reputation in the marketplace. With respect to most of the investments in the for sale single family housing space, prior to bringing the investment opportunity to us the builder (as either a joint venture partner or fee-builder) has already acquired or entered into a purchase agreement for the land utilizing the services of the builder's broker or the land seller broker, and typically the builder's in house broker and sales marketing team is responsible for the marketing and sales of the completed homes and is paid sales commissions.

We do not receive soft dollar benefits.

We do not aggregate the purchase or sale of real estate related investments for various client accounts. Real estate related investments are generally considered unique and are not generally bought or sold in bulk or on an aggregated basis in the real estate market from or to different sellers and buyers. This class of investment is different from most securities that are fungible and may provide savings when purchases or sales are aggregated for various client accounts.

REVIEW OF ACCOUNTS

Clients' accounts are reviewed not less frequently than quarterly. Reviews are conducted through our portfolio review process in which the performance of all clients' assets is reviewed and evaluated concurrently. Reviews are supervised by the Chairman and Chief Executive Officer, and are conducted by members of our investment committee, asset management department and finance/accounting department. Reviews may also occur upon the acquisition, sale, financing or significant capital expenditure for a real estate related investment, significant income or expense events, or unforeseen market activity.

Clients receive at least quarterly and annual written reports on account activity and operations. Each report is customized to the requirements of the client and is governed by the investment management agreement, limited liability company agreement or limited partnership agreement with the client. Clients may request specialized reports upon written request.

CLIENT REFERRALS AND OTHER COMPENSATION

We have no arrangements with any persons for client referrals.

CUSTODY

We may at times be deemed to have custody of client funds or securities. At such times as we are deemed to have custody of client funds or securities, clients should carefully review the financial statements and account statements they receive from us.

INVESTMENT DISCRETION

We accept discretionary authority to manage clients' real estate related investments. Clients generally limit this authority by establishing guidelines for acceptable property types and sizes, geographic regions, due diligence procedures for projects and investments, status of land use and entitlement applicable to the investment, market cost and feasibility studies, environmental review, and review of developer or builder partners, minimum insurance requirements, amounts of debt financing and other project parameters. Before assuming discretionary authority over a client's account, we negotiate with such client any limitations placed on our authority.

VOTING CLIENT SECURITIES

We do not acquire securities for client accounts for which proxies are solicited. Our business is limited to providing investment management and supervisory services to clients who desire to acquire real estate related investments. The extent and nature of our power and authority over real estate related investments acquired for clients is contained in the investment management agreement with the client, or in the client's limited partnership agreement or limited liability company agreement.

FINANCIAL INFORMATION

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

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