

### **Introduction**

ECC Fund Manager II, LLC is an investment adviser registered with the Securities and Exchange Commission. Investment advisory services and brokerage services and fees differ, and it is important for a retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational material about broker-dealers, investment advisers and investing.

### **Relationships and Services**

#### **What investment services and advice can you provide me?**

ECC Fund Manager II, LLC offers investment advisory services to retail investors through investment interests in our domestic and offshore fund vehicles. These funds invest primarily in short-term debt secured by real estate located in major markets of the U.S. The real estate collateral in the funds is monitored as part of our standard services. Our investment advisory services are discretionary, meaning that the individual retail investor does not review and approve each individual loan invested in by the fund. The advisor adheres to the guidelines laid out in the fund offering documents regarding fund investments.

Retail investors are generally required to have a minimum investment amount of \$1,000,000, although this can be negotiated at the sole discretion of the investment advisor.

Additional information about our advisory services can be found in Item 4 of our Firm Brochure, which is available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #167090.

#### **Conversation Starters:**

Given my financial situation, should I choose an investment advisory service? Why or why not?

How will you choose investments to recommend to me?

What is your relevant experience, including your licenses, education and other qualifications?

What do these qualifications mean?

### **Fees, Costs, Conflicts and Standard of Conduct**

#### **What fees will I pay?**

We charge a management fee equal to 2% per year on the outstanding capital contributions, funds which have been called and are earning a return, as opposed to on capital commitments, funds which have not yet been called and are not earning a return. These fees are automatically debited from the retail investor's account on a monthly basis, reducing the amount of the monthly distribution. Given that we earn fees on the amount of called capital, we have an incentive to call capital from investors. Instead of a management fee, we have the option to charge a servicing fee that will be paid to one of our affiliates. Management fees would be reduced by the amount of any servicing fee paid.

If the funds earn a return of greater than 5% per year, we can elect to split further returns as 80% to us as the investment advisor, and the remaining 20% to investors, up until we have received 20% of total distributions. This is a performance-based fee. Finally, any further returns can be split on a basis of 80% to the investor and 20% to us as the investment advisor. Although we have chosen to forgo these elections at points, we are able to make these on a going forward basis at our discretion. Performance-based fees in general may create an incentive for us to make investments that are riskier and more speculative than would be in the absence of a performance-based fee.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Additional information about our fees can be found in Item 5 of our Firm Brochure, which is available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #167090.

Conversation Starter:

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**What are your legal obligations to me when acting as my investment adviser? How does your firm make money and what conflicts of interest do you have?**

*When we provide you with a recommendation, we have to act in your best interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understanding what this means:*

There is a potential conflict of interest between funds if the management or performance fees allocated to us are higher in one fund than in another.

Additional information about our conflicts of interest can be found in Item 8 of our Firm Brochure, which is available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #167090.

Conversation Starter:

How might your conflicts of interest affect me, and how will you address them?

**How do your financial professionals make money?**

Our employees are compensated based both on the monetary performance of the firm, and their own individual performance carrying out their job responsibilities. Our origination employees may be incentivized to recommend riskier deals to increase the firm's monetary performance.

#### **Disciplinary History**

**Do you or your financial professionals have legal or disciplinary history?**

No, we do not have any legal or disciplinary history to report. Free and simple tools are available to retail investors who visit [www.investor.gov/CRS](http://www.investor.gov/CRS) to research our firm and financial professionals.

Conversation Starter:

As a financial professional do you have any disciplinary history? For what type of conduct?

#### **Additional Information**

Additional information about our investment advisory services can be found at on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #167090. For additional up-to-date information or for a copy of this disclosure, please reach out to the following individual at 800-313-2616.

Mark Penna, Managing Partner

Conversation Starter:

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?