



SUNDANCE BAY

Firm Brochure Part 2A of Form ADV

Item 1 – Cover Page

SDP MANAGEMENT, LLC

1240 East 2100 South, Suite 300

Salt Lake City, UT 84106

Effective Date: March 25, 2020

This Firm Brochure provides information about the qualifications and business practices of SDP Management, LLC.

Website for SDP Management, LLC is www.SundanceBay.com.

If you have any questions about the contents of this Firm Brochure, please contact John Pennington by telephone at: 1-385-355-2612, or by email at: John.Pennington@SundanceBay.com. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), or by any state securities authority. Additional information is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This is the initial Firm Brochure filing for SDP Management, LLC as an applicant for full SEC registration.

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Full Brochure Available

If you require a complete copy of the Form ADV Firm Brochure, please contact John Pennington by telephone at: 1-385-355-2612 or by email at John.Pennington@SundanceBay.com.

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Item 4 - Advisory Business

SDP Management, LLC, a Utah limited liability company (hereinafter referred to as “Investment Adviser” or “Manager”), was founded in 2016.

Principal Owners

As of the December 31, 2019, the owners of the Investment Adviser are (i) RJB Holdings LLC, (ii) J-4000 Investments LLC, (iii) M2 Equity LLC, (iv) Michael Nixon, (v) Matthew Romney, (vi) Craig Romney, Travis Olsen, and their respective affiliates.

The individual principals (on a look through basis) who own RJB Holdings LLC, J-4000 Investments LLC, or M2 Equity LLC and who are also active in the day to day operations of the Investment Adviser are Ryan Baughman and Mark Maughan.

Advisory Services

The Investment Adviser provides real estate related fund advisory services on a discretionary basis to privately offered pooled investment vehicles, including any parallel investment vehicles and feeder funds. Currently, the Investment Adviser advises Sundance Debt Partners, LLC, a Delaware limited liability company (“Fund I”), and SDP REIT, LLC a Delaware limited liability company (“Fund II,” and together with Fund I, collectively the “Funds” or “Clients,” with each being a separate “Fund,” and each being a “Client”). To facilitate investment by certain investors, the Investment Adviser may create one or more feeder funds, parallel funds, or alternative vehicles. The Investment Adviser does not operate or hold itself out in the marketplace as an investment adviser to individuals or as an investment planner. The Investment Adviser is not in the business of selling securities on a commission basis or providing investment planning services for a fee.

The Funds provide asset-backed construction, bridge and other loans (“Loans”) to experienced real estate developers, operators, and others. Borrowers typically acquire residential and/or commercial property at trustee sales, auctions, from banks, in negotiated transactions or off the MLS. Such properties are used as collateral to back the Loans. While some of the Loans are to operators buying, rehabbing and reselling single-family residences, the Loans primarily offer bridge and construction financing. The Funds may also provide Loans to borrowers not engaged in real estate activities provided the Funds can obtain sufficient collateral, guarantees or assurance of ability to repay. Financing may also be provided for the acquisition and/or development of “triple net” type commercial and retail properties for long-term lease tenants.

The Loans operate in the space between conventional banks and bridge or hard money lenders. Conventional banks and similar lending sources can offer low-interest rates to borrowers; however, many credit-worthy borrowers, or borrowers with credit-worthy projects, do not have access to financing from banks or similar lending sources. This is in part because of inflexible lending policies at banks, regulatory pressures, and other factors.

Traditional bridge or hard money lenders are seeking to make asset-backed loans similar to the Clients’ Loans; however, loans from bridge or hard money lenders typically charge very high-

interest rates and significant upfront fees and points. Also, many bridge or hard money lenders are very localized and unstructured.

The Investment Adviser does not participate in a wrap fee program.

The Funds provide asset-backed construction Loans to experienced real estate developers, operators, and others. Units in the Funds (which are Clients of the Investment Adviser) are offered to high net worth individuals, financially sophisticated individuals, and institutional investors. The combined total of assets under management by the Investment Adviser as of December 31, 2019 is approximately \$270 million.

Item 5 - Fees and Compensation

The Investment Adviser is entitled to receive a monthly “Management Fee,” payable in arrears at the end of each calendar month, equal to 1/12 of 2% of the “Modified Unreturned Capital,” which is the sum of Unreturned Capital Contributions and the Loss Reserve (to the extent the Loss Reserve does not represent Unreturned Capital Contributions). “Unreturned Capital Contributions” means an amount equal to such Class A member’s (“Class A Members”) cumulative Capital Contributions less any distributions made or treated as made to such Class A Member under the Funds’ Private Placement Memorandum’s (“PPM”) Sections 8.03(b) (distribution of asset basis), Section 11.05 (liquidity; periodic repurchase of Class A Units) or Section 12.02(c)(iii) (return of capital account to the extent it represents return of capital) of the Fund’s operating agreement (“Operating Agreement”). “Loss Reserve” refers to the amounts reserved by the Investment Adviser, net of distributions of such amounts, pursuant to Section 8.02 of the Funds’ Operating Agreement, which authorizes the Investment Adviser to retain a portion of Current Income from time to time in order to create a Loss Reserve equal to up to 5% of the Net Asset Value of the Funds. For details please refer to the Fund’s PPM under the “Compensation of Manager and Conflicts of Interest” section.

In determining the Modified Unreturned Capital, the current value of any assets held in a brokerage or bank account will be valued in accordance with the valuation method of the custodian broker or bank. The value of other assets and liabilities will be determined by the Investment Adviser in its discretion, subject to any limitations under GAAP. The Management Fee will be an expense of the Funds.

Distributions of Current Income

When, as and if distributed by the Investment Adviser, except in connection with liquidation, dissolution or winding up of the Funds, Available Cash representing Current Income or, if distributed, Loss Reserve will be distributed 80% to the Class A Members in proportion to their respective Percentage Interests and 20% to the Class B member (“Class B Member”) as an “Incentive Distribution.”

With respect to any Class A Member who has made a re-investment election in such Member’s subscription agreement, or has made such election in writing after the date of subscription, distributions of Current Income will automatically be applied to the acquisition of additional Class

A Units in the name of such Class A Member to the extent Class A Units are then available. Such a re-investment election may be revoked at any time in writing.

The Class B Member may defer receipt of any distributions to which it is entitled (e.g., in order to preserve liquidity) and demand such deferred distributions at a later date. It may also waive its right to receive distributions.

Distributions Upon Dissolution

Upon liquidation, dissolution or winding up of the Funds, following the payment of expenses of liquidation, payment of all amounts owed to creditors and the setting aside any reserve determined by the Investment Adviser to be appropriate to cover future expenses, the remaining proceeds will be distributed as follows:

- First, an amount representing Current Income applicable to the period following the commencement of the liquidation, dissolution or winding up and Loss Reserve shall be distributed in the same manner as other Current Income; and
- Second, all remaining proceeds shall be distributed in accordance with Capital Accounts.

In its discretion, the Investment Adviser may distribute, rather than re-invest, the principal amount or equivalent of a Loan or other asset. Any distributions not representing Current Income will represent a partial liquidation of the Funds and be deemed to be a return of capital.

Allocations of Profits and Losses

Income, expense, gain, and loss of the Funds will generally be allocated to the Funds' members (the "Members") in a manner consistent with the distribution of proceeds as described above.

The Funds will pay all expenses of the Funds and its organization and operation ("Fund Expenses"), including, fees, costs, and expenses directly related to the making, managing and collecting Loans or acquisition of other assets; expenses of counsel, accountants, and other consultants, advisors and professionals; expenses associated with indemnities, litigation or investigations involving activities of the Funds or any subsidiary; insurance expenses, including premiums for cybersecurity insurance and liability insurance covering the Investment Adviser and its affiliates, members, partners, directors, officers, and employees and agents; the costs and expenses of any custodians and third-party administrators, expenses associated with special software for accounting, communication with Members or the establishment of a Members' portal; any taxes, fees or other governmental charges levied against the Funds; and any costs incurred in connection with transactions that are not consummated after the Funds and the counterparty have preliminarily agreed-upon terms, as evidenced by a letter of intent, term sheet or similar document or the commencement of drafting definitive documents.

Operating Expenses

The Investment Adviser will be responsible for all of its own normal day-to-day operating expenses, such as compensation of its professional staff, and the cost of office space, office equipment, communications, utilities, and other normal overhead expense. The Investment Adviser will bear all

expenses associated with conducting due diligence with respect to potential Loans or other transactions up until the Funds and the counterparty have preliminarily agreed-upon terms, as evidenced by a letter of intent, term sheet or similar document or the commencement of drafting of definitive documents. Each Member will be solely responsible for its own legal and other expenses incurred in connection with its evaluation of its admission to, or the maintenance of its interest in, the Funds.

Fees payable to an agent, financial advisor or other referral source will be borne by the Investment Adviser unless provided otherwise with respect to a particular Member in a supplement to this Memorandum provided to such Member in connection with the Member's subscription.

Item 6 - Performance Fees and Side-By-Side Management

As noted under Item 5 above, Members are generally entitled to receive distributions with respect to their applicable membership class.

Parallel Funds; Side-By-Side Investments

The Investment Adviser or its principals may at any time and from time to time hold a closing with third-party investors on behalf of another pooled investment fund for which the Investment Adviser or its Affiliate (as defined below in Item 10) acts as a manager or the primary source of transactions, with objectives similar to and competitive with those of the Funds (a "Parallel Fund"); provided, however, that any such Parallel Fund formed prior to May 30, 2021, until such time, will only make Loans or acquire other portfolio assets (a) if making or acquiring such Loan or portfolio assets is otherwise within the Funds' business and loan policies and is approved by the Loan Committee (as defined below in Item 8), the Funds are a co-investor in such Loan or other portfolio assets, and (b) the co-investments by the Funds and the Parallel Fund are reasonably proportionate, taking into account, at the time an investment decision by the Parallel Fund is made, differences between the Parallel Fund and the Funds in regard to loan concentration limits, risk profiles, capital available for lending, assets under management and such other factors that the Investment Adviser reasonably determines are material in deploying and allocating capital.

Co-Investment Opportunities

When the Investment Adviser deems it appropriate and consistent with the interests of the Funds, including as a result of concerns about concentrating risk in a single creditor or Loan, it may in its discretion provide Class A Members, principals, and their Affiliates, and/or third parties with opportunities to co-invest in any Loan or other asset. The Investment Adviser is not required to offer such opportunities to the Class A Members on a pro-rata basis, or at all. Such co-investment opportunities may be direct, through a Co-Investment Entity or otherwise, and the Investment Adviser may charge a management fee and performance fee in connection with any such co-investment.

Item 7 - Types of Clients

Investor Suitability Standards

Class A Members must be persons who are able to bear the economic risk of an investment in the Funds. Each prospective investor is advised to consult qualified professional advisors to assist the investor in appraising the investor's suitability for, or the desirability of, an investment in the Funds. Each person to whom the units will be sold must meet certain suitability requirements and must represent in writing, among other things, that in connection with evaluating the merits and risks of investing in the Funds, he or she has such knowledge and experience in financial and business matters that he or she is capable of evaluating such merits and risks and is capable of making an informed investment decision. In addition, in order to be eligible to purchase the units in the offering, each investor must represent in writing that such person qualifies as an "accredited investor" as defined in Rule 501(a) of Regulation D an "Accredited Investor"). The Funds generally only accept investors that qualify as a "Qualified Client" or a "Qualified Purchaser" as defined by the SEC.

Minimum Contribution

\$250,000 minimum contribution. The Investment Adviser, in its sole discretion, may waive the minimum dollar amount requirements.

Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis

The Investment Adviser is a full-service, private lending company facilitating bridge loans, acquisition loans, and construction financing. Loans are made to builders, real estate entrepreneurs, investors and wholesalers in need of efficient financing to complete a transaction. The Investment Adviser primarily lends in the West Coast, Mountain West, and Southeast markets, and partners with borrowers and developers across the country to provide funding.

Investment Process

The Funds' disciplined approach to the entire investment process helps mitigate the risks inherent in lending by conducting a thorough due diligence process and requiring the approval of a Loan Committee for all Loans.

The Funds' due diligence and underwriting process includes the following:

Borrower assessment

- Credit score
- Background Check
- Financials
- Experience
- Reputation

Title and Legal review

- 1st or 2nd Deed of Trust
- Clear title:
- Outside legal docs

- Equity in project

Asset valuation

- Loan-to-value (LTV)
- Loan-to-cost (LTC)
- Pro forma feasibility
- Appraisal
- Use of funds

Pricing strategy

- Interest rate
- Points
- Term
- Foreclosure reserve
- Inspection fees

Market Analysis

- Comps and/or BPO
- Market growth
- Zoning
- Competition
- Significant risks

Exit strategy

- Retail sell-out value
- Projected cash flow
- Refinance options
- Purchase contracts
- Fire sale pricing

The Fund's interest rates may be higher than those of traditional banks, but has some flexibility in loan criteria and is able to move more quickly in connection with time-sensitive loans. As compared to traditional hard money lenders, the Funds' terms may be favorable to the borrower, and fees, loans, and collateral structures are more traditional. In addition, the Funds actively seek to build long term relationships, and many real estate developers and operators have repeatedly used the Fund as their preferred lender.

The Funds aim to achieve consistent returns with controlled risk. The Funds expect loans to include the following features, subject to change in the absolute discretion of the Investment Adviser based upon known facts and circumstances regarding the borrower, the underlying project and other pledged collateral, and other market conditions:

- The Funds seek to collateralize loans with a first lien position on each of the subject properties and/or other assets. The Funds may at times accept a second lien position if there is sufficient value or the loan is supported by guarantees, additional collateral or other risk-reducing factors.
- The Funds seek to ensure that the value of the collateral is appropriate with respect to each type of loan and that there is a substantial equity cushion:
 - The Funds target to lend at 70% to 80% of the purchase price or 60% to 80% of the estimated retail value on single-family or multi-family homes;
 - The Funds target to lend at 70% to 90% of construction costs or 50% to 80% of the estimated value on residential and commercial projects; occasionally lending at higher LTC/LTV values for Triple-Net Lease loans if they are backed by a strong corporate tenant.
 - The Funds target to lend at 60% to 80% of the property purchase price or 50% to 80% of the estimated value on bridge loans; and

- Will accept other forms of collateral (e.g., accounts receivables, liquid assets, PPE, etc.).
- The Funds lend at competitive rates, with a typical loan involving 0% to 5% in points and annualized interest rates of between 10% and 18%.
- Typical loans are for a term of six months to eighteen months, with potential extensions to be granted in the Funds sole discretion.

The Funds will have broad discretion in determining whether to make Loans. The criteria described above are aspirational, and the Funds have the right to make Loans that fit only some, or none, of the above criteria. The Funds' business and loan policies set forth herein or in the Operating Agreement and may be updated upon 90 days advanced notice to the Class A Members.

Loan Committee

The Funds do not make any Loans without the prior approval of a majority of the loan committee members (the "Loan Committee"). The members of the Loan Committee may change from time to time. Certain investors in the Funds may act as observers and participate in Loan Committee Meetings on a non-voting basis. The Funds' Loan Committee meets on a monthly basis and otherwise as required in connection with the business. With respect to each Loan, a memorandum or other summary containing information on the following is presented to the Loan Committee for its review:

- the terms of the loan;
- information on the borrower;
- information on the collateral, including how it is being valued;
- the Fund's expected exit strategy; and
- information on unique risks associated with the loan.

The Funds make Loans only if approved by a majority of the members of the Loan Committee (or Independent Loan Committee Consent if the loan involves any conflict of interest).

Conflicts of Interest in General

The Investment Adviser's active employees, who are also principals, have many real estate holdings outside of the Investment Adviser and the Funds. Therefore, there is inherent conflicts of interest associated with the Investment Adviser's Affiliates. To mitigate these conflicts of interests, the Funds have established an Independent Loan Committee. For details please refer to the Fund's PPM under the "Compensation of Manager and Conflicts of Interest" section. The Funds will not make any Loan or otherwise effect any other transaction in which any Affiliate of the Investment Adviser or the Loan Committee has a conflict of interest without Independent Loan Committee Consent.

Investment Strategies

The Funds provide asset-backed construction, bridge and other loans (“Loans”) to experienced real estate developers, operators, and others. Borrowers typically acquire residential and/or commercial property at trustee sales, auctions, from banks, in negotiated transactions or off the MLS. Such properties are used as collateral to back the Loans. While some of the Loans are to operators buying, rehabbing and reselling single-family residences, the Loans primarily offer bridge and construction financing. The Funds may also provide Loans to borrowers not engaged in real estate activities provided the Funds can obtain sufficient collateral, guarantees or assurance of ability to repay. Financing may also be provided for the acquisition and/or development of “triple net” type commercial and retail properties for long-term lease tenants.

Item 8C Market, Security, and Regulatory Risks

Important Note: There are numerous risks involved for each investment and for each of the Funds, and such risks are identified and described in detail within the applicable Fund documents. Therefore, the following is not an exhaustive list or description of the risks involved, but rather is a summary of such risks intended to be supplemented by reference to the applicable Fund documents.

An investment in the Funds involve a high degree of risk, and is suitable only for investors of substantial means who have no immediate need for liquidity of the amount invested and who can afford a risk of loss of all or a substantial part of such investment. The units being offered should be considered a speculative investment that involves a high degree of risk. Prospective investors should thoroughly consider all of the “risk factors” discussed in the Fund documents and in this Firm Brochure. There can be no assurance that the Funds or investment will be able to achieve its investment objectives, and investment results may vary substantially on an annual basis.

The following is not an exhaustive list but is a partial summary of risks that are covered within the Funds’ documents. Each prospective investor should review the following risks within the PPM and LPA before making an investment: Forward Looking Statements risk, Borrower Creditworthiness risk, Collateral Value risk, Supply and Demand risk, Competitor risk, Market risk, Cyclical risk, Interest Rate risk, Environmental risk, Regulatory risk, Economic risk, Principal risk, Collection of Loans risk, Litigation risk, Bankruptcy risk, Governmental Agency risk, Investment Adviser risk, Appraisal risk, Conflicts of Interest risk, Real Estate risk, National and Local Economic Conditions risk, Tax Rate risk, Hazardous Substances or Toxic Waste risk, Land Improvement risk, Construction risk, Subordinated Lender risk, Calamity risk, Uninsured or Underinsured risk, Zoning risk, Eminent Domain risk, Rental Property risk, Multifamily Property risk, Office Property risk, Retail Property risk, Industrial Property risk, REIT Limitations risk, Diversification risk, Interest Payment risk, Proof of Title or Title Insurance risk, Cybersecurity risk, Early Withdrawal risk, Limited Liquidity of Interest risk, Lack of Registration risk, Withdrawal of Capital risk, and Operating Agreement Modification risk.

Item 9 - Disciplinary Information

The Investment Adviser or its employees have not been involved in any material legal proceeding or disciplinary events related to SEC regulatory or FINRA rules.

Item 10 - Other Financial Industry Activities and Affiliations

The Investment Adviser is currently not applying to register as a broker-dealer and does not intend to.

The Investment Adviser and its management persons are not registered and have not applied to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or associated persons of a futures commission merchant.

Item 10C - Affiliations

The following entities are considered affiliates (“Affiliates”) of the Filing Adviser.

Sundance Bay Management, LLC (“SB Management”) is considered an Affiliate of the Investment Adviser because SB Management and the Investment Adviser are under common control, share supervised persons, and share the same physical location. SB Management is a real estate private equity firm that invests in real estate throughout the United States.

Sundance Bay Net Lease Investments, LLC (“SB NLI”) is considered an Affiliate of the Investment Adviser because SB NLI and the Investment Adviser are under common control, share supervised persons, and share the same physical location. SB NLI is a real estate private equity firm that provides joint venture equity capital to net lease real estate developers nationwide.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Code of Ethics

The Investment Adviser has adopted a code of ethics (“Code of Ethics”) which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest, and confidentiality of investor information. It requires supervised persons to report any violations of the Code of Ethics promptly to the Investment Adviser’s Chief Compliance Officer. Prospective investors may obtain a copy of the Investment Adviser’s Code of Ethics by contacting the Chief Compliance Officer.

Participation or Interest in Client Transactions

Under the Investment Adviser’s Code of Ethics, the Investment Adviser and its managers, members, officers, and employees may invest personally in securities of the same classes as are purchased for Clients and may own securities of the issuers whose securities are subsequently purchased for Clients. If an issue is purchased or sold for Clients and any of the Investment Adviser, managers, members, officers, and employees on the same day purchase or sell the same security, either the Clients and the Investment Adviser, managers, members, officers or employees shall receive or pay

the same price or the Clients shall receive a more favorable price. Because the Investment Adviser does not manage publicly traded investments and are focused on privately offered real estate holdings and real estate based investments, the Investment Adviser does not generally prohibit its members, officers and employees from purchasing public securities for their personal account. However, employees subject to the Investment Adviser's Code of Ethics, must obtain pre-approval to purchase IPOs and any private placement that is outside of the Investment Adviser.

Personal Trading

The Chief Compliance Officer of the Investment Adviser requires the collection and archiving of personal trade positions from each of its personnel who are considered an "access person." This procedure is intended to comply with SEC rules regarding personal trading by employees of a Registered Investment Adviser. The securities within the portfolios that are owned by Clients of the Investment Adviser are private offerings and are not publicly traded.

Item 12 - Brokerage Practices

Brokerage Selection and Soft Dollars

Not applicable, the Investment Adviser does not receive fees or commissions from any of these arrangements.

Directing Brokerage for Client Referrals

The Investment Adviser and its associated persons do not receive client referrals from broker-dealers or third-parties as consideration for selecting or recommending brokers for client accounts.

Directed Brokerage

Not applicable to the Investment Adviser's line of business.

Item 13 - Review of Accounts

Periodic Reviews

The investments are continuously reviewed by a team of investment professionals, consisting of the Investment Adviser's principals and other investment professionals of Investment Adviser.

Review Triggers

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws or new investment information.

Regular Reports

The Investment Adviser will distribute a copy of an audited financial report to investors and provide unaudited quarterly statements. BDO USA, LLP (“BDO”) has been appointed as the auditor for all of the Clients of the Investment Adviser. K-1 documents are generally provided to the investors within 90 days of the fiscal year end.

Item 14 - Client Referrals and Other Compensation

The Investment Adviser does not select or recommend broker-dealers for client transactions.

Incoming Client Referrals

The Investment Adviser receives potential investor referrals which may come from current investors, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. The Investment Adviser does not compensate referring parties for these referrals unless they have the proper securities license, or are a fully licensed broker-dealer, and in some cases the Investment Adviser may pay compensation when a solicitor has a written solicitation agreement with the Investment Adviser and such compensation terms of the compensation are disclosed to the potential investor(s) before an investment is made.

Third-party firms that are properly licensed to sell securities may receive compensation. In general, such commissions have been calculated as a percentage of the management fee or Incentive Distribution of the Investment Adviser associated with a referred Class A Member or as a percentage of the Class A Member’s Unreturned Capital Contribution (which is structured so that the Class A Member is required to reimburse the full amount of such commission or fee, with such reimbursement being an offset to distributions from the Funds to the extent distributions are sufficient, if not, resulting in a reduction in the Unreturned Capital Contribution of the Class A Member); however, the Investment Adviser has arrangements with certain agents or advisors under which a fee is paid by the Investment Adviser and its Affiliates. The compensation arrangements differ among agents and advisors.

Item 15 - Custody

Custody Policy

The cash and other cash-equivalents of the Funds will be kept at one or more brokerages or commercial banks. Currently, the cash and other cash-equivalents of the Funds are held in accounts at Wells Fargo Bank, Fortis Private Bank, and Colorado Federal Saving Bank, and each of the aforementioned provide, among other things, regular periodic statements to the Clients. The documents representing Loans and other assets are currently held by the Investment Adviser for the benefit of the Funds. The Investment Adviser has discretion over all accounts and assets of the Funds.

The Funds currently use UMB Fund Services as its fund administrator (the “Fund Administrator”). The Fund Administrator provides quarterly statements to its respective Clients and investors.

The Investment Adviser will use its best efforts to ensure that all Client’s audited financials are delivered to all investors within 120 days of the fiscal year end. The Investment Adviser has adopted the appropriate policies and procedures to monitor and supervise this relationship. Client assets are secured by real estate. The Investment Adviser has also retained BDO, an independent accounting firm, to perform a surprise audit and internal controls report as prescribed by Rule 206(4)-2 of the 1940 Investment Advisers Act as amended.

Account Statements

All real estate assets (such as trust deeds and secured promissory notes) are held by the Investment Adviser. The investors are provided account statements not less than quarterly. While the SEC’s Custody Rule (Rule 206(4)-2) requires that all assets are to be held at qualified custodians and that the custodians provide account statements not less than quarterly to investors and third-party partners (“Joint Venture Partners”) at their address of record, the nature of the Investment Adviser’s business is limited to interests in real-estate-related partnerships, and as such, most of the assets are held in trust deed form or secured promissory note form and normally have a title insurance policy. Therefore, such guarantee of ownership is held through reputable title insurance companies or at the offices of the Investment Adviser. The Investment Adviser may use a qualified custodian depository to hold and secure debt instruments within the portfolios of its Clients. Investors and Joint Venture Partners are provided both quarterly financial statements through a fund administrator and annual financial statements audited by a nationally recognized accounting firm.

Performance Reports

Pursuant to recent amendments to Rule 206(4) under the Investment Advisers Act of 1940, the SEC now requires advisers to urge investors to compare the information set forth in their statements from the Investment Adviser with the statements received directly from the custodian to ensure accuracy of all account transactions.

Item 16 - Investment Discretion

The Investment Adviser has sole discretion in determining whether to make Loans. The Fund’s investment strategy is set forth in detail in the offering and governing documents. Investors do not have the ability to impose limitations on this discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in the applicable investment vehicle.

Item 17 - Voting Client Securities

The Investment Adviser does not vote proxies.

Item 18 - Financial Information

The Investment Adviser does not have any financial impairment that will preclude it from meeting contractual commitments to Clients. The Investment Adviser meets all net capital requirements that it is subject to and has not been the subject of a bankruptcy petition in the last 10 years.

The Investment Adviser is not required to provide a balance sheet because the Funds issue third-party audited annual financial statements and do not require prepayment of fees of by investors six months or more in advance.

Item 19 - State Registered Investment Adviser Information

Not Applicable.

Business Continuity Plan

The Investment Adviser has a business continuity plan (the “Business Continuity Plan”) in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, and flooding. The Business Continuity Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, telephone communications line outage, internet outage, railway accident, and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. The Investment Adviser intends to contact all investors within fifteen days of a disaster that dictates moving its main office to an alternate location. In general, the records of the investors are systematically maintained at the offices of the Fund Administrator and at the offices of the third-party auditor, enabling backup records to mitigate disasters that may compromise those records.

Summary of Business Continuity Plan

A summary of the business continuity plan is available upon request to John Pennington, Chief Compliance Officer.

Information Security Program

Information Security

The Investment Adviser maintains an information security program to reduce the risk that investors' personal and confidential information may be breached.

Privacy Practices

Privacy Policy

Below is the Investment Adviser's Privacy Notice (the "Privacy Notice") regarding personal information. A complete version of the Privacy Notice may be obtained by contacting the Investment Adviser's Chief Compliance Officer. In the Privacy Notice below, the term "Company" shall mean Sundance Debt Partners, LLC.

(The following is the current privacy notice)

PRIVACY NOTICE

In the normal course of its formation, operation and dissolution, the Company will collect and disclose certain private information about its Class A Members. Personal financial information about the Class A Members, such as their names, addresses, social security numbers, assets and incomes, may be obtained from subscription agreements and other documents. Other personal information about the Class A Members, such as capital account balances, account data and information about their participation in other investments, may be obtained in the course of transactions between the Class A Members and the Company or its Affiliates.

This private information will be disclosed only as permitted by applicable law to the Company's Affiliates and service providers, including the Company's accountants, attorneys, broker-dealers, custodians, transfer agents, and any other parties whose services are necessary or convenient to the formation, operation or dissolution of the Company. Any party receiving private information about the Class A Members pursuant to the preceding sentence will be authorized to use such information only to perform the services required and as permitted by applicable law. No party receiving a Class A Member's personal information will be authorized to use or share that information for any other purpose.

The Company may provide information about other Class A Members, such as name, contact information, Percentage Interest and similar information, to other Class A Members as required by the Operating Agreement or governing law or as otherwise deemed appropriate by the Manager.

Access to private information about the Class A Members will be restricted to those employees of the Company who require such access to provide services to the Company and the Class A Members. The Company will maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard private information about its Class A Members.

In all events, the Company may disclose Class A Member information: (i) to other Class A Members as required or permitted under the Operating Agreement; and (ii) as otherwise required by applicable law.

The foregoing privacy notice reflects a privacy policy that has been adopted by the Manager. It may be updated from time to time upon notice to the Class A Members.