

SUBSCRIPTION AGREEMENT

INSTRUCTIONS

How to Subscribe

If you wish to subscribe for Units in the Offering, you should take each of the following steps:

General Instructions

- Print, complete and sign the Subscription Agreement, including the Registration Form appearing at the end of the Subscription Agreement.
- Prepare a check payable to “Distressed Realty Fund 2, LLC” for the purchase price of the Units.
- Obtain written verification that you are an accredited investor, as described below under “How to Verify That You Are an Accredited Investor,” and provide that written verification to the Managing Member of the Fund at the address or email address listed below.
- Deliver the completed Subscription Agreement, check and accredited investor verification to the following address:

Distressed Realty Fund 2, LLC
c/o Realty Fund Management 2, Inc.
3960 Howard Hughes Parkway, Suite 500
Las Vegas, Nevada 89169
Attention: David Zussman, CEO
Email: zussman@cox.net
Phone: (714) 342-0785 Fax: (949) 640-2814

All subscription funds when received by the Fund will be deposited in the Fund’s corporate bank account at Chase Bank in Las Vegas. The Managing Member may accept or reject any subscription in its sole discretion. The Managing Member may close the Offering at any time, and from time to time, without any requirement to raise a minimum amount before the first closing. At the time of each closing, all deposited subscription funds will become available to the Managing Member to use for the Fund’s operations as described in the Offering Memorandum. If the Managing Member elects not to accept your subscription, the Managing Member will promptly remit to you, without interest or deduction, the purchase price you paid to the Fund.

If the Managing Member accepts your subscription, in whole or in part, the Managing Member will list you as a party to the Operating Agreement and a Member of the Fund, and will record that you are the owner of the purchased Units on the Unit holder register for the Fund. No physical certificates representing the purchased Units will be issued or delivered to Members; all Units will be issued in uncertificated form.

Special Instructions for Subscriptions by Self-Directed IRAs

If you wish to subscribe using funds from a self-directed individual retirement account, you should take the following steps:

- Print a copy of the Subscription Agreement.
- On the signature page of the Subscription Agreement, print the name of your IRA in the space for the name of the subscriber. Also fill in the number of Units you want the IRA to purchase and the total

purchase price for the Units.

- On the attached Registration Form under Item 1, “Form of Ownership,” make a check mark next to the “Other” category, which applies to a subscription by a self-directed IRA.
- Under Item 2 on the Registration Form, write the name of the IRA as the name in which the Units are to be registered.
- Complete the attached “Accredited Investor Questionnaire” to confirm that you are an accredited investor.
- Send the Subscription Agreement and attachments to the trustee or custodian for your self-directed IRA. Instruct them to purchase the Units on behalf of your IRA by filling out the remaining sections of the signature page and signing it on behalf of the IRA, filling out the remaining sections of the Registration Form, and sending the completed Subscription Agreement and attachments, along with a check payable to “Distressed Realty Fund 2, LLC” for the purchase price of the Units, to the following address:

Distressed Realty Fund 2, LLC
c/o Realty Fund Management 2, Inc.
3960 Howard Hughes Parkway, Suite 500
Las Vegas, Nevada 89169
Attention: David Zussman, CEO
Email: zussman@cox.net
Phone: (714) 342-0785 Fax: (949) 640-2814

- Obtain written verification that you are an accredited investor, as described below under “How to Verify That You Are an Accredited Investor,” and provide that written verification to the Managing Member of the Fund at the address or email address listed above.

How to Verify That You Are an Accredited Investor

When subscribing for Units, you must provide the Managing Member with written verification of your status as an accredited investor. You may do this by utilizing any qualified accredited investor verification service. Such services charge investors a fee for their verification services. Those fees can vary, so you should consider different vendors and select one whose fees and services best meet your needs.

You need to obtain your accredited investor verification within three months before your purchase of Units in the Offering, so if you have previously obtained a verification that is more than three months old, you will be required to obtain a new one.

If you have any questions about the accredited investor verification process, please review the information provided by the different verification services on their websites.

If you have difficulty understanding this process, please do not hesitate to contact David Zussman, CEO of the Managing Member, at zussman@cox.net or (714) 342-0785.

Neither the Fund nor the Managing Member, nor any of their respective affiliates, has any interest in or affiliation with any investor verification service, guarantees their services, or will receive any portion of the fees paid to use their services.

SUBSCRIPTION AGREEMENT

I, the undersigned subscriber, understand that Distressed Realty Fund 2, LLC, a Nevada limited liability company (the “**Fund**”), is offering for sale on a best-efforts basis up to 1,000 Units at the purchase price of \$5,000 per Unit, upon the terms and conditions set forth in this subscription agreement (“**Agreement**”) and in the Fund’s Confidential Private Placement Memorandum dated May 31, 2015 (together with all exhibits, amendments, and supplements thereto, the “**Offering Memorandum**”).

1. **Subscription for Units.** Subject to the terms and conditions of this Agreement, I hereby irrevocably subscribe for and agree to purchase from the Fund that number of Units which is set forth on the signature page of this Agreement, at a purchase price of \$5,000 per Unit with a check payable to “Distressed Realty Fund 2, LLC” for the full purchase price of the Units in immediately available funds. I understand that the minimum number of Units I may purchase is one (1), for the minimum purchase price of \$5,000.

2. **Acceptance of Subscription; Use of Proceeds.**

a. I understand and acknowledge that Realty Fund Management 2, Inc., a Nevada corporation, is the managing member of the Fund (the “**Managing Member**”) and has the right to accept or reject my subscription, in whole or in part, and that my subscription shall be deemed to be accepted by the Fund only if and when this Agreement is accepted and executed by a duly authorized representative of the Fund.

b. I understand that all subscription funds received by the Fund hereunder shall be deposited in the Fund’s bank account at Chase Bank in Las Vegas, Nevada. The Managing Member will determine whether to accept my subscription. If the Managing Member elects not to accept my subscription, in whole or in part, the Managing Member shall promptly remit to me, without interest, all or the balance (in the case of a partial acceptance) of the purchase price tendered herewith. If the Managing Member accepts my subscription, in whole or in part, I agree to become a Member of the Fund upon the terms and conditions of this Agreement and the Operating Agreement and will be deemed to have signed and become a party to the Operating Agreement.

c. The Managing Member shall record in the Fund’s membership registry my name and address and the number of Units I have purchased. The Fund shall issue the Units in uncertificated form.

d. I understand that the Fund will use the net proceeds from this Offering for the purposes that are described in the Offering Memorandum.

3. **Representations, Warranties and Covenants of the Subscriber.** By executing this Agreement, I am making the following representations, warranties, and covenants in order to induce the Fund to accept my subscription for Units: I acknowledge that the Fund and the Managing Member and its officers, directors, employees, consultants, counsel and agents will rely upon the following representations, warranties and covenants in determining whether I am qualified to participate in the Offering and whether the Offering is exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”), and from registration and qualification under all applicable state laws. I agree that such representations and warranties shall survive my purchase of Units.

a. I am the sole and true party in interest, am acquiring the Units as principal for my own account for investment, am not purchasing the Units for the benefit of any other person, and have no present intention of or view to acquiring, holding or managing the Units for or with others or of selling, distributing or otherwise disposing of all or any portion of, or interest in, the Units.

b. I am (i) if a natural person, at least 21 years of age, and (ii) a bona fide permanent

resident of and am domiciled in the state or jurisdiction set forth as my residence or business address on the Registration Form at the end of this Agreement.

c. I understand that the Fund is offering the Units under the exemption for non-public Offerings provided by Section 4(a)(2) of the Securities Act and Rule 506(c) of Regulation D thereunder. By initialing one of the accredited investor categories listed on the Accredited Investor Questionnaire at the end of this Agreement, I represent and warrant that I qualify as an “accredited investor” as defined in Rule 501(a) of Regulation D (“**Accredited Investor**”).

d. I agree to provide the Managing Member with written verification of my status as an accredited investor in a manner that is compliant, in the sole judgment of the Managing Member, with the requirements of Rule 506(c)(2)(ii) of Regulation D and demonstrates that the Managing Member has taken reasonable steps to verify my status as an accredited investor, by utilizing a qualified accredited investor verification service. I further represent and warrant that the information I have provided and the representations I have made to the party verifying my status as an accredited investor are accurate, complete and truthful.

e. I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of an investment in the Units, of making an informed investment decision with respect thereto, and of protecting my interests in connection with an investment therein. I have significant prior investment experience, including such experience investing in securities that has allowed me to make an informed investment decision with respect to an investment in the Fund and to protect my interests in connection with that investment.

f. I am aware that an investment in the Units is highly speculative and subject to substantial risks. I recognize that the Fund, its business and my investment in the Fund will be subject to numerous investment, business and operating risks, many of which will be beyond the control of the Managing Member and the Fund. Neither the Managing Member nor the Fund nor any of their affiliates can guarantee the return of my capital or that I will derive any income or profit from my investment. I have adequate means of providing for my current financial needs and possible contingencies and have no need for liquidity in this investment. I have not borrowed funds to purchase my interest without having a source of repayment of the borrowed funds, other than the Units being purchased. I have the financial ability to bear the high degree of economic risk of this investment, including, but not limited to, the possibility of the complete loss of my entire investment and the long-term limited transferability of the Units, which could make the liquidation of this investment impossible for the indefinite future.

g. I have been informed of and understand the risk factors set forth in the Offering Memorandum under “Risk Factors” relating to an investment in the Fund. I acknowledge that the Offering Memorandum contains forward-looking statements that involve risks and uncertainties and that due to, among other things, the risk factors set forth in the Offering Memorandum, the Fund’s actual results may differ significantly from the results discussed and projected in such forward-looking statements. I also acknowledge that the list of risk factors set forth in the Offering Memorandum may not be exhaustive and that other factors may cause the actual results and the future financial condition of the Fund to differ significantly from the projections reflected in any forward-looking statements set forth in the Offering Memorandum.

h. I acknowledge that my personal legal, financial and tax advisers and I have carefully read this entire Agreement and have read and evaluated the entire Offering Memorandum, including, without limitation, the exhibits thereto. I acknowledge and confirm that I have had a reasonable opportunity to ask questions of and receive answers from the Managing Member concerning the Units, the Fund, the Offering and this subscription and that all questions have been answered to my full satisfaction. I acknowledge and confirm that all documents, books, records and materials that I have requested from the Managing Member have been made available to me for my review and that I have been supplied with all additional information concerning

the Units and the Fund that I have requested.

i. I acknowledge that I have not relied upon the Managing Member or the Fund or their respective advisers for legal, financial or tax advice, and have been advised to consult with my own attorney and financial and tax advisers concerning this investment, the risks associated with it, and its suitability to my current financial and tax situation and investment objectives. I have made such inquiries and investigations as my advisers and I determined to be appropriate for the purpose of deciding whether to invest in the Fund and my advisers and I have determined that an investment in the Units is suitable for me.

j. I have received no representation, written or oral, from the Fund, the Managing Member, or any officer, director, employee or agent of the Managing Member or any of their affiliates or representatives, other than those contained in this Agreement. In making my decision to purchase the Units, I have relied solely upon my review of this Agreement and the Offering Memorandum and independent investigations made by me or by my representatives without assistance from the Fund, the Managing Member or any officer, director, employee or agent of the Managing Member.

k. I understand that the Offering of the Units will not be registered under the Securities Act or registered or qualified under any state securities laws, in reliance upon exemptions from registration under Section 4(a)(2) of the Securities Act and Rule 506(c) of Regulation D thereunder. I acknowledge that the Units have not been approved or disapproved by the Securities and Exchange Commission or the securities commissioner of any state, and neither the Securities and Exchange Commission nor any other authority has passed upon or endorsed the adequacy or merits of the Offering or the Offering Memorandum. I understand and agree that neither the Units nor any interest therein may be sold, pledged, hypothecated or otherwise transferred by me without registration under the Securities Act and registration or qualification under applicable state securities laws or unless an exemption from such registration and qualification requirements is available, as evidenced by a written opinion of counsel satisfactory to the Managing Member and its counsel, as well as prior written approval of the Managing Member.

l. I realize that there currently is no market for the sale of the Units for which I am subscribing, that there is no expectation or guarantee that such a market will ever develop, that I may have to hold my Units indefinitely, and that I may be unable to sell my Units under any circumstances, including any emergency.

m. None of the following information has ever been represented, guaranteed or warranted to me, expressly or by implication, by any person: (i) the amount or percentage of profit or loss that will be realized, if any, as a result of an investment in the Units, or (ii) the expectation that that the past performance or experience on the part of any officer, director, employee, agent or affiliate of the Fund or its Managing Member will accurately predict the results of ownership of the Units or the potential success of the Fund's operations for the future results.

n. This Agreement is valid and binding, enforceable against me in accordance with its terms, except to the extent that its enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally and by principles of equity regarding the availability of remedies.

o. I covenant to notify the Fund immediately of any change in any of the information provided by me to the Fund in connection with this Agreement, or of the occurrence of any event which would render inaccurate any of my representations or warranties made in this Agreement, upon the occurrence of such change or event prior to the acceptance of my subscription hereunder.

4. Representations and Warranties of the Fund. By accepting this Agreement, the Fund makes the following representations and warranties. Unless otherwise indicated, the representations and

warranties are made as of the date of the Fund's acceptance of this subscription.

- a. The Fund is a duly organized Nevada limited liability company in good standing.
- b. The Fund has the legal right and power and all authority necessary to accept and execute this Agreement, to issue the Units (in uncertificated form) and to perform fully its obligations hereunder.
- c. The Fund's intended use of proceeds of the Offering is as described in the Offering Memorandum.
- d. This Agreement has been duly authorized and, upon proper acceptance and execution by a duly authorized representative of Realty Fund Management 2, Inc., the Managing Member of the Fund, will constitute a valid and binding agreement of the Fund, enforceable against it in accordance with its terms, except to the extent that its enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally and by principles of equity regarding the availability of remedies.

5. Non-Transferability. I acknowledge and agree that neither this Agreement nor any of my interest in it is transferable or assignable without the Managing Member's written approval.

6. Acceptance of Subscription and Operating Agreements.

- a. My execution and delivery of this Agreement shall constitute an offer to purchase the number of Units set forth herein, which offer may be accepted or rejected in whole or in part by the Fund in its sole discretion, for any reason or for no reason and without liability to the Fund. The Fund shall indicate acceptance of this Agreement only by executing as indicated on the Signature Page of this Agreement.
- b. My execution and delivery of this Agreement shall, upon the Fund's acceptance hereof, constitute an agreement to be bound as a "Member" by and under the terms of the Operating Agreement between the Fund and all purchasers of Units in the Offering, in the form attached to the Offering Memorandum. I confirm that I have read the entire Operating Agreement.

7. Binding Agreement. Upon delivery of this Agreement, signed by me, to the Fund, I agree that I may not cancel, terminate or revoke any obligation made hereunder or under the Operating Agreement and that all representations, warranties, covenants and duties contained in this Agreement and the Operating Agreement shall be binding upon me and my heirs, successors, assigns, executors, administrators, guardians, conservators and personal representatives and shall survive (a) the acceptance of this Agreement by the Fund and (b) my disability or death. I agree that the delivery to the Fund or its agents of my facsimile signature to this Agreement shall be effective to create a valid agreement, which is binding against me in accordance with its terms.

8. Entire Agreement. This Agreement and the Operating Agreement constitute the entire agreement and understanding between myself and the Fund pertaining to the subject matter hereof and supersede any and all prior agreements and contemporaneous understandings of the parties pertaining to the subject matter hereof, whether written or oral, and may be amended only by a writing executed by all parties. No representation, promise, inducement, covenant, agreement or condition, whether written or oral, that is not embodied or referenced in this Agreement or the Operating Agreement shall be valid or binding or shall be deemed to interpret, change or restrict the express provisions of this Agreement or the Operating Agreement.

9. Further Assurances. I agree to execute and deliver all such further documents, agreements and instruments and take such other and further actions as the Managing Member may reasonably require in

order to carry out the full intent of this Agreement.

10. Construction. All statements, representations and other information set forth on the signature page to this Agreement and the Registration Form and Accredited Investor Questionnaire attached at the end of this Agreement are incorporated herein as integral terms of this Agreement. Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa. Personal pronouns are deemed to include both individuals and entities of every kind. All headings and titles are for convenience of reference only and are not to be considered in construing this Agreement. If any provision of this Agreement is judicially determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired.

11. Waiver. The waiver by any party of a breach of this Agreement must be in writing, signed by the party giving the waiver. No waiver by a party shall operate, or be construed as a waiver by that party of any subsequent breach.

12. Arbitration; Attorneys' Fees. Any controversy or claim arising out of or relating to this Agreement or the Operating Agreement, or breach thereof, including without limitation claims against any party, its directors, officers, employees, affiliates or agents, shall be settled solely by binding arbitration before a single arbitrator in Clark County, Nevada, in accordance with the Commercial Rules of the American Arbitration Association. The parties shall select the arbitrator in the manner prescribed by the American Arbitration Association. In the proceeding, the arbitrator shall apply Nevada substantive law and the rules of evidence in Title 4 of the Nevada Revised Statutes, except that the arbitrator's authority in awarding damages shall be interpreted under New York law. The parties understand and agree that New York law precludes the awarding of punitive damages. The arbitrator shall prepare an award in writing, which shall include factual findings and any legal conclusions on which the decision is based. Judgment upon any award rendered by the arbitrator(s) may be entered in a Nevada District Court (or a Nevada Justice Court, if appropriate) in Clark County, Nevada, or a Federal District Court in Clark County, Nevada, and those courts shall be the sole venue for the resolution of any non-arbitral dispute, including related to this arbitration provision or enforcement of any award upon any judgment rendered in arbitration. In the event of any arbitration or other action arising out of or related to this Agreement, the prevailing party in such arbitration or other action shall be entitled to receive an award of all costs and expenses of such arbitration or other action, including reasonable attorneys' fees and costs, and all other expenses in connection therewith, in addition to any other award or remedy provided in such arbitration or action, and the same shall be included in the award and any judgment.

13. Indemnification. I, the undersigned subscriber, covenant and agree to indemnify and hold the Fund, the Managing Member, and all directors, officers, affiliates and brokers, and agents of the Managing Member and each of their respective affiliates free and harmless from and against any loss, damage or liability arising from or due to any false statement, representation or omission I have made in this Agreement (including on the signature page and the Registration Form and Accredited Investor Questionnaire) or any breach of the representations, warranties or covenants I have made in this Agreement.

(Signature Page, Registration Form and Accredited Investor Questionnaire Follow)

SIGNATURE PAGE

I, the undersigned subscriber, declare under penalty of perjury that the information I have supplied in this Subscription Agreement (including on this Signature Page and the Registration Form and Accredited Investor Questionnaire) for the purpose of subscribing for Units from the Fund in the Offering is true, correct and complete in all respects.

IN WITNESS WHEREOF, I have executed this Agreement as of the date indicated below.

Date: _____, 20____

Print name of subscriber

By: _____
Signature of subscriber (or signature of the individual authorized to sign on behalf of the entity that is the subscriber)

Number of Units subscribed for

\$ _____
Total purchase price tendered for Units subscribed for, at \$5,000 per Unit (make check payable to Distressed Realty Fund 2, LLC)

Subscriber's street address

Telephone number

City State Zip Code

Cell number

Email address

Fax number

ACCEPTANCE

The undersigned hereby accepts the foregoing subscription for Units as of the date set forth below.

Distressed Realty Fund 2, LLC

By Realty Fund Management 2, Inc., Its Manager

Date: _____

By: _____
David Zussman, President

REGISTRATION FORM

(Must be completed in full)

1. Form of ownership.

If my subscription is accepted, please register ownership of my Units as follows:

- Joint tenants
- Tenants in common
- Husband and wife, as community property
- Married (man) (woman) as sole and separate property
- Single (man) (woman)
- Other (specify, e.g., corporation, partnership, trust, estate, limited liability company, self-directed IRA, etc.)

2. Name in which my Units are to be registered:

Please print: _____

3. Registered address for delivery of notices and other Fund communications (including telephone number, cell phone number, fax number and email address):

Street address

City State Zip Code

Telephone number Cell phone number

Fax number Email address

4. My Social Security Number or Taxpayer ID Number: _____

Note: You must also complete the Accredited Investor Questionnaire on the next page.

ACCREDITED INVESTOR QUESTIONNAIRE

(Must be completed in full)

- 1. Representation of Accredited Investor Status.** I hereby represent, warrant and certify that I am an accredited investor, as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”), by reason of the fact that I am [**CHECK EACH OF THE FOLLOWING CATEGORIES THAT APPLY TO YOU**]:

Accredited Investor Categories for Individuals

- A natural person who had an individual income in excess of \$200,000 in each of the two most recent years, or joint income with my spouse in excess of \$300,000 in each of those years, and I have a reasonable expectation of reaching the same income level in the current year.
- A natural person and my individual net worth, or joint net worth with my spouse, at the time of my purchase is in excess of \$1,000,000. (**Instruction:** For purposes of calculating net worth: (1) your primary residence shall not be included as an asset; (2) indebtedness that is secured by your primary residence, up to the estimated fair market value of your primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (3) indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence shall be included as a liability.)

Accredited Investor Categories for Entities

- An organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Units, with total assets in excess of \$5,000,000.
- A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.
- A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Units, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment.
- A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in an individual or fiduciary capacity.
- A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.
- An insurance company as defined in Section 2(a)(13) of the Securities Act.
- An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940.
- A Small Business Investment Company licensed by the U.S. Small Business Administration under

Section 301(c) or (d) of the Small Business Investment Act of 1958.

- A plan established and maintained by a state of the United States of America, its political subdivisions, or any agency or instrumentality of a state of the United States of America or its political subdivisions, for the benefit of its employees that has total assets in excess of \$5,000,000.
- An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.
- An entity in which all of the equity owners are accredited investors as defined by any of the above categories. (If you check this category, you must also provide a list of all of the equity owners of the entity and their written certifications that they are each accredited investors, identifying the category of accredited investor of each.)

2. Purpose for forming the subscribing entity. If the subscriber is an entity, was the entity formed, organized, or reconstituted for the specific purpose of investing in the Units?

Yes No Not applicable

3. Verification of Accredited Investor Status. Before the Managing Member can accept your subscription for Units, you must also provide the Managing Member with written verification of your status as an accredited investor, as described in the Offering Memorandum under “How to Verify That You Are an Accredited Investor.” On the space below, write the name of the accredited investor verification service you intend to use to verify your status as an accredited investor:

Name of Accredited Investor Verification Service