Reliant Income Fund, LLC

December 31, 2021

Consolidated Audited Financial Statements

SPIEGEL
ACCOUNTANCY CORP

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Spiegel Accountancy Corp.

Independent Auditor's Report

To the Members
Reliant Income Fund, LLC
Berwyn, Pennsylvania

Opinion

We have audited the consolidated financial statements of Reliant Income Fund, LLC, which comprise the consolidated statement of assets and liabilities as of December 31, 2021, the related consolidated schedule of investments, the consolidated statement of operations, the consolidated statement of changes in members' capital, and the consolidated statement of cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Reliant Income Fund, LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Reliant Income Fund, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Related Party Transactions

As discussed in Note 6 to the consolidated financial statements, Reliant Income Fund, LLC has a concentration of notes receivable with businesses controlled by the fund manager or its affiliates. Our opinion is not modified with respect to this matter.

To the Members
Reliant Income Fund, LLC
Berwyn, Pennsylvania

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Reliant Income Fund, LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility of the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Reliant Income Fund, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

To the Members
Reliant Income Fund, LLC
Berwyn, Pennsylvania

Auditor's Responsibility of the Audit of the Consolidated Financial Statements (Continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Reliant Income Fund, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Pleasant Hill, California
October 11, 2022

Spiegel Accountancy Corp.
Certified Public Accountants

Reliant Income Fund, LLC
Consolidated Statement of Assets and Liabilities
December 31, 2021

ASSETS

Assets:		
Investments at Fair Value (Cost $140,507,156)	$	148,118,805
Cash		9,066,177
Deposits		2,805,372
Accounts Receivable		4,494,715
Escrow Advances		1,267,666
Advances Receivable from Related Parties		309,207
Other Assets		48,873
Total Assets	$	166,110,815

LIABILITIES AND MEMBERS' EQUITY

Liabilities:		
Accounts Payable and Accrued Expenses	$	915,700
Subscriptions Payable		2,630,000
Distributions Payable		8,362,894
Total Liabilities		11,908,594
Total Members' Capital		154,202,221
Total Liabilities and Members' Capital	$	166,110,815

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Schedule of Investments
December 31, 2021

Investments	Ownership Percentage	Cost	Fair Value	Percentage of Members' Capital
Mortgage Loans Receivable	100%	$ 25,496,722	$ 29,092,895	19% *
Short Term Business Loans Receivable	100%	20,192,167	20,192,167	13% *
Real Estate Owned	100%	5,892,150	5,892,150	4% *
Joint Venture				
Residential Credit Opportunities VI, LLC	95%	57,802,705	61,818,181	40% *
Joint Venture				
1000 Montreal Rd	5%	8,500,000	8,500,000	6% *
Notes and Accrued Interest Receivable from Related Parties	100%	22,623,412	22,623,412	15% *
Total Investments		$ 140,507,156	$ 148,118,805	

*Percentages are stated as a percent of members' capital.
All investments are domiciled in the United States of America.
All individual loans and REOs are less than 2 % of members' capital
See Note 8 for details on geographic classification of mortgage loans, short term business loans, and REOs held as of December 31, 2021.

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Statement of Operations
Year Ended December 31, 2021

Investment Income:		
Interest Income on Related Party Note Receivable	$	3,577,813
Mortgage Interest Income		1,756,144
Other Income		309,345
Total Investment Income		5,643,302
Expenses:		
Loan and Real Estate Owned Costs		826,273
Administrative Expenses		3,551,752
Total Expenses		4,378,025
Net Investment Income		1,265,277
Net Realized and Unrealized Gain (Loss) from Investments:		
Gain on Sale and Payoffs of Mortgages Loans Receivable		1,724,595
Loss on Sale of Real Estate Owned		(82,906)
Unrealized Gain on Foreclosure		232,513
Unrealized Gain from Mortgage Loan Receivable		4,748,640
Unrealized Gain from Investment in Joint Ventures		8,711,234
Net Realized and Unrealized Gain from Investments		15,334,076
Net Income	$	16,599,353

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Statement of Changes in Members' Capital
Year Ended December 31, 2021

	General Partner Class A Member	Limited Partners Class B Members	Limited Partners Class C Members	Limited Partners Class D Members	Total
Balance at December 31, 2020	$ 14,466,396	$ 9,154,068	$ 71,353,663	$ -	$ 94,974,127
Members' Contributions	-	23,030,000	43,510,000	300,000	66,840,000
Members' Redemptions	-	(6,730,000)	(1,255,000)	-	(7,985,000)
Members' Distributions	(5,700,000)	(1,585,320)	(8,938,025)	(2,914)	(16,226,259)
Allocation of Net Income					
Net Investment Income	1,265,277	-	-	-	1,265,277
Net Realized and Unrealized Gain from Investments	15,334,076	-	-	-	15,334,076
Allocation of Net Income to Limited Partners	(10,526,259)	1,585,320	8,938,025	2,914	-
Net Income	6,073,094	1,585,320	8,938,025	2,914	16,599,353
Balance at December 31, 2021	$ 14,839,490	$ 25,454,068	$ 113,608,663	$ 300,000	$ 154,202,221

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Statement of Cash Flows
Year Ended December 31, 2021

Cash Flows From Operating Activities:	
Net Income	$ 16,599,353
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:	
Loss on Sale of Real Estate Owned	82,906
Proceeds from Sale of Real Estate Owned	3,727,000
Unrealized Gain from Mortgage Loans Receivable	(4,748,640)
Gain on Sale and Payoffs of Mortgages Loans Receivable	(1,724,595)
Purchases of Mortgage Loans Receivable	(5,319,369)
Proceeds from Sale and Payoffs of Mortgage Loans Receivables	3,279,559
Purchase of Short Term Business Loans	(22,504,936)
Proceeds from Payoffs of Short Term Business Loans	2,377,575
Unrealized Gain from Investment in Joint Ventures	(8,711,234)
Acquisition of Investment in Joint Ventures	(8,500,000)
Additional Investments in Joint Ventures, Net of Return of Capital	(8,850,817)
Acquisition of Investment Company, Net of Cash Received	(7,316,362)
Changes in Operating Assets and Liabilities:	
Deposits	(2,805,372)
Accounts Receivable	(2,694,672)
Escrow Advances	94,863
Other Assets	(27,698)
Notes and Accrued Interest Receivable from Related Parties	3,509,102
Advances Receivable from Related Parties	(101,234)
Accounts Payable and Accrued Expenses	847,868
Net Cash Used In Operating Activities	(42,786,703)
Cash Flows From Financing Activities:	
Members' Contributions	66,840,000
Subscriptions Payable	2,480,000
Members' Redemptions	(7,985,000)
Members' Distributions	(11,674,215)
Net Cash Provided by Financing Activities	49,660,785
Net Increase in Cash	6,874,082
Cash - Beginning of Period	2,192,095
Cash - End of Period	$ 9,066,177
Supplemental Disclosure of Cash Flow Information:	
Non-Cash Financing Activity:	
Increase in Distributions Payable	$ 4,552,044

See Notes to Consolidated Financial Statements

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Reliant Income Fund, LLC (Reliant or the Company) was formed on March 12, 2019. The Company purchases, owns, refinances, and sells discounted and distressed mortgage loans, all of which are secured by deeds of trust or mortgage contracts. Reliant also extends loans to other affiliated and unaffiliated entities to secure opportunities to acquire larger pools of notes. Reliant may invest in joint ventures and commercial real estate funds, as well as acquire and originate commercial real estate loans.

In 2021, the Company entered into a master purchase agreement with a financial institution to purchase short term business loans, which have an average life of eight months. Short term business loans are residential loans with a construction draw component.

The accompanying consolidated financial statements include the accounts of Reliant and its substantially wholly owned subsidiaries (collectively, the Company), as further described in Note 2.

General Company Provisions

The rights, duties, and powers of the members of the Company are governed by the operating agreement and by law. The description of the Company's operating agreement contained in these consolidated financial statements provides only general information. Members should refer to the Company's operating agreement for a more complete description of the provisions.

The Company is managed by a Delaware limited liability company (the Manager). The Manager is in control of Company business and has the power and authority to act for and bind the Company. The Manager is designated solely by the Class A member voting class. The Class A member voting class may remove any Manager at any time with or without cause.

Term of the Company

The Company will continue to operate indefinitely or until liquidated in accordance with the provisions of the Company's operating agreement.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Partnership Classes

The Company has Class A, B, C and D members, with varying income and distributions, as defined below. Class A members are entitled to vote on all matters. Class B, C and D members are only entitled to vote on matters related to the execution of collateral of the Company's real estate mortgage notes when the preferred return has not been paid timely.

Preferred Return

Class B, C and D members receive a cumulative annual preferred return of 8.00%, 10.00% and 6.00%, respectively, of the respective members' adjusted capital contributions.

Profits and Losses

Class B, C and D members can receive allocation of cumulative profits up to the preferred return and any profits in excess are allocated solely to the Class A members. Losses are allocated to all members with positive capital accounts.

Distributions and Reinvestment

Distributions will be made monthly from net cash flow generated from Company operations up to the cumulative preferred return for Class B, C and D members. Any additional excess net cash available for distribution is made to the Class A members. Class B, C and D members can elect to reinvest their distributions from the Company and, if elected, such members would not receive distributions of Operating Preferred Returns during such periods.

Liquidity

There is no public market for the interests of the Company, and none is expected to develop in the foreseeable future. There are substantial restrictions on transferability of membership interests. Any transferee must be a permitted transferee or trust, as defined by the operating agreement.

Withdrawals and Redemptions

Members may elect to withdraw at any time with advance written notification to the Manager. A member does not have the right to sell their interests to any third party. The Company will not establish a reserve from which to make withdrawals and accordingly, the Company's ability to return a member's capital is restricted to the availability of the Company's cash flow.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Related Parties

The Manager may be reimbursed for all expenses incurred in managing the Company and may, at the members' election, be entitled to compensation for management services rendered. The Class A member is the Manager.

The Company earns interest on loans to related party entities, as discussed in Note 5.

The Company receives certain operating and administrative services from the Manager. The Company's financial position and result of operations would likely be different without this relationship.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as codified in the Financial Accounting Standards Board's Accounting Standards Codification, herein referenced as FASB ASC. Following are the significant accounting policies adopted by the Company:

Basis of Presentation

The Company is an investment company and follows the accounting and reporting guidance in FASB ASC Topic 946, Financial Services - Investment Companies. The consolidated financial statements include Reliant and its subsidiaries that are themselves investment companies and are substantially wholly owned by Reliant. Investments in non-consolidated investment entities are reported initially at their transaction price and subsequently at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

The accompanying consolidated financial statements include the accounts and results of the entities listed below:

Consolidated Company	Short Name	Type of Company	Percentage Owned by Reliant	Type of Assets Held
Home Preservation Partnership, LLC	HPP	Investment	100% economic interest	Loans
HPP Properties, LLC	HPP Properties	Investment	100% economic interest	Real Estate Owned
Reliant Income Fund GA, LLC	RIF GA	Investment	100 %	Investment in Real Estate Joint Venture
1000 Montreal Rd RIF, LLC	1000 RIF	Investment	99.5%	Investment in Real Estate Joint Venture

All significant intercompany balances and transactions between Reliant and its controlled subsidiaries have been eliminated in consolidation.

On December 6, 2021, Reliant created a subsidiary, Reliant Income STBL, LLC (STBL) to purchase short term business loans. Short term business loans are residential loans with a construction draw component. As of December 31, 2021, STBL had no activities, assets, or liabilities.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Items subject to the use of estimates include, but are not limited to, the fair value measurements of investments, tax uncertainties, contingencies, and the reported amounts of income and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of judgments applied in these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments at Fair Value

Investment in Mortgage Loans

Investment in mortgage loans are residential mortgage loans generally secured by a lien on one to four unit residential properties. The Company primarily invests in distressed mortgage loans that are delinquent or have delinquent pay histories, known as non-performing loans and reperforming loans. The Company's goal with respect to its investment in mortgage loans is to maximize the return received from the ultimate disposition of the mortgage loans.

Disposition activities and outcomes include modification of loan terms to enable the borrower to make consistent monthly payments on the loan, allowing the loan to be sold to third parties as a reperforming loan; borrower full payoff of the loan; borrower sale of the property securing the lien on the mortgage at an amount insufficient to fully payoff the loan; foreclosure and sale to third parties through a trustee sale; and foreclosure and assumption of ownership by the Company of the real estate securing the lien on the mortgage, converting it to real estate owned.

Investment in mortgage loans are carried at fair value. Changes in the estimated fair value of the mortgage loans are recognized in current period operations. The Manager estimates fair value of the mortgage loans using models of the discounted future cash flows expected to be generated by the mortgage loans.

Investment in Short Term Business Loans

Investment in short term business loans are carried at fair value. Changes in the estimated fair value of the loans are recognized in current period operations. The Manager estimates fair value of the short term business loans using the market approach.

Investment in Real Estate Owned

Real estate owned (REO) includes real estate acquired in full or partial settlement of loan obligations plus capitalized construction and other development costs incurred while preparing the real estate for sale. At the time of foreclosure, the property is recorded at fair value, and the gains or losses on foreclosure are recorded in the statement of operations. Following foreclosure, the Company continues to account for REO at fair value, with the effect of changes in fair value recognized in current period operations. The Manager estimates fair value of REOs by either the market approach or by using models of discounted future cash flows expected to be generated by the REOs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments at Fair Value (Continued)

Investment in Joint Ventures

Investment in joint ventures includes the controlling ownership in member units of a limited liability company organized for the purpose of investing in non-performing, reperforming or distressed mortgage loans secured by residential real property (mortgage loans), residential real property acquired as a result of the resolution or enforcement of mortgage loans, REOs, and interest (whether debt, equity, or otherwise) in other entities that own mortgage loans or REOs.

Investment in joint ventures also includes the tenant in common interest in a 284-unit apartment complex located at 1000 Montreal Road, Clarkston, GA 30021 known as Parc 1000.

Investment in joint ventures are carried at fair value. Changes in the fair value of the joint ventures are recognized in current period operations. The estimation process of fair value is further discussed in Note 4.

Investment in Notes and Accrued Interest Receivable from Related Parties

Notes and accrued interest receivable from related parties are valued at fair value which is commensurate with par value. Changes in the estimated fair value of the notes and accrued interest receivable are recognized in current period operations.

Cash

Cash represents cash deposits held at financial institutions. These deposits are subject to credit risk to the extent that the balances exceed the limits of insurance provided by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on such bank deposits.

Accounts Receivable

Receivables due from the loan servicer contain mainly sales proceeds and interest collected by the loan servicer on behalf of the Company. The Company utilizes the allowance for doubtful accounts method of accounting for uncollectible accounts receivable. This method will charge earnings of the current period with an allowance to cover the accounts receivable estimated to be uncollectible based on a review of the receivables and recent collections history. The portion of the accounts receivable estimated to be uncollectible that remains unpaid after a reasonable period of time is charged against the allowance, and recoveries of previous uncollectible receivables are credited to the allowance. There was no allowance as of December 31, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscriptions Payable

Investor contributions received by the Company are deposited into a subscription cash account, and a subscription payable is established. Once an investment date is established, the funds may be transferred to the operating account and the subscription payable is transferred to equity contributions. The preferred return begins to accrue on the date the investment is accepted. Subscriptions payable was $2,630,000 at December 31, 2021.

Revenue Recognition

Interest Income on Related Party Notes Receivable

Interest income on related party loans is recognized as revenue when earned according to the contractual terms of the related party loan agreement.

Mortgage Interest Income

Interest income is not recognized on the majority of the Company's mortgage loans due to the non-performing status of these loans. Mortgage interest income on performing mortgage loans and short term business loans is recognized as revenue when earned according to the contractual terms of the loan agreement.

Realized Gain or Loss on Sale of Real Estate Owned

REO sales are recorded, and a gain or loss is recognized, when the sale is consummated, the buyer's initial and continuing investments are adequate, any receivables are not subject to future subordination, and usual risks and rewards of ownership have been transferred to the buyer. The Company has determined that these conditions are met upon the closing and settlement of the sale transaction. Any differences between the carrying value of the REO and the settlement amount, less closing and other costs, is recorded as realized gain or loss.

Realized Gain on Sale and Payoffs of Mortgage Loans Receivable

A gain or loss on the sale of mortgage loans is recorded when a legally binding and enforceable agreement is signed to settle the loan sale and collection is reasonably assured. A receivable is recorded for the sales price of the asset. Such sales are often subject for a limited time to contractual obligations that require the Company to repurchase the loans upon the occurrence of certain events. As of the date of the consolidated financial statements, the Company does not anticipate that its obligations under these contracts will result in material losses.

For mortgage loans sold through a foreclosure sale, a realized gain or loss on the sale is recorded when the Company receives notice from a trustee that a foreclosure auction was completed and a qualifying bid was received from a buyer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Realized Gain on Sale and Payoffs of Mortgage Loans Receivable (Continued)

A receivable is recorded for the settlement amount. The Company receives the proceeds from a foreclosure sale after the expiration of any confirmation or redemption periods required by law in the jurisdiction of the sale. During the confirmation and redemption period, the sale of the loan is subject to redemption by the borrower which results in a rescission of the foreclosure sale and a reinstatement of the mortgage loan.

Any differences between the cost basis of the mortgage loan and the settlement amount less closing and other costs is recorded as a realized gain or loss.

Gain or loss on loan payoff is recognized when mortgage loans are paid off.

Unrealized Gain on Foreclosure

At the time of foreclosure on a property, the real estate owned is recorded at fair value, and a gain or loss on foreclosure are recorded in the statement of operations.

Unrealized Gain from Mortgage Loans Receivable

Adjustments to the fair value of mortgage loans receivable are recorded as unrealized gains as further discussed in Note 3.

Unrealized Gain from Investment in Joint Venture

Adjustments to fair value in the joint venture are recorded to unrealized gains as further discussed in Note 3.

Income Taxes

The Company is treated as a partnership under the Internal Revenue Code and a similar section of the state code. The members of the Company are taxed on their proportionate shares of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The Company is, however, required to pay minimum state franchise tax and an LLC gross receipts fee, as applicable.

The Company has evaluated its current tax positions and has concluded that as of December 31, 2021, no significant uncertain tax positions exist for which a reserve would be necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Company's income tax returns are subject to review and examination by federal, state, and local governmental authorities. As of December 31, 2021, there are three years open to examination by the Internal Revenue Service and by state and local governmental authorities.

To the extent penalties and interest are incurred through the examinations, they would be included in the administrative expenses section of the accompanying consolidated statement of operations. For the year ended December 31, 2021, there were no tax penalties or interest incurred.

Fair Value Measurements

The Company carries its investment at their estimated fair values with changes in fair value recognized in current period results of operations. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

The three levels are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own financial model using assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

While the Manager believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methods or assumptions to estimate the fair value of certain financial instruments would likely result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets or liabilities existed, or had such assets or liabilities been liquidated and those differences could be material to the consolidated financial statements.

3. ACQUISITION

On October 26, 2021 (the Acquisition Date), the Company acquired all voting membership interests of Home Preservation Partnership, LLC (HPP) and its subsidiary, HPP Properties, LLC (HPP Properties), from an affiliate of the Manager for total consideration of $8,630,971.

HPP was formed on September 18, 2018 as a joint venture with a non-profit organization, for the purpose of acquiring, managing and selling distressed, mortgage-related assets throughout the United States. In January 2020, HPP formed HPP Properties, a wholly owned, special purpose vehicle entity that holds title to the real estate upon foreclosure.

The following table summarizes the final fair values of the assets acquired and liabilities assumed at the Acquisition Date:

		Fair Value
Cash	$	1,314,609
Accounts and Other Receivable		3,109,936
Mortgage Loans Receivable		11,795,919
Real Estate Owned		8,676,010
Liabilities		(16,265,503)
Net Assets Acquired	$	8,630,971

The Company included HPP's fair value of assets acquired and liabilities assumed in the consolidated statement of assets and liabilities beginning on the Acquisition Date. The results of operations of HPP subsequent to the Acquisition Date have been included in the consolidated statement of operations for the year ended December 31, 2021.

4. FAIR VALUE OF INVESTMENTS

The following assets were measured at their fair values as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Mortgage Loans Receivable	$ -	$ -	$ 29,092,895	$ 29,092,895
Short Term Business Loans	-	-	20,192,167	20,192,167
Real Estate Owned	-	5,892,150	-	5,892,150
Joint Ventures	-	-	70,318,181	70,318,181
Notes and Accrued Interest Receivable from Related Parties	-	-	22,623,412	22,623,412
Total	$ -	$ 5,892,150	$ 142,226,655	$ 148,118,805

4. FAIR VALUE OF INVESTMENTS (CONTINUED)

There were no transfers between fair value hierarchies and no transfers into or out of Level 3 hierarchy during 2021, and there were no non-recurring assets or liabilities.

Purchases of investments for the year ended December 31, 2021 was as follows:

	Purchases
Mortgage Loans	$ 5,319,370
Short Term Business Loans	22,504,936
Investment in Joint Venture (net of return of capital: $17,350,817)	48,900,000
Related Party Notes Receivable	3,509,102
Total	$ 80,233,408

Valuation Process and Techniques

The Company's assets carried at fair value with changes in fair value recognized in current period operations represent 89% of total assets. All assets valued at fair value are Level 3 financial statement items which require the use of significant unobservable inputs in the estimation of the assets' values. Unobservable inputs reflect the Company's own assumptions about the factors that market participants use in pricing an asset or liability and are based on the best information available for that input. The Manager also utilizes on a monthly and quarterly basis the services of an external advisory company to determine an estimate of the fair value of the investments of the Company. This valuation is used to calibrate the Manager's models to assess the reasonableness of certain model inputs, such as the discount rates used to discount future cash flows.

Due to their short-term nature, the carrying values of cash, deposits, receivables due from loan servicer, escrow advances, advances receivable from related parties, other assets, accounts payable and accrued expenses, subscriptions payable, distributions payable and notes payable to related party entities approximate their fair values at December 31, 2021.

The valuation methods and assumptions applied in the measurement of investments are as follows:

Mortgage Loans Receivable

Mortgage loans held as investments are non-performing and reperforming residential mortgage loans that generally are not saleable into active mortgage markets. As such, the Company classified these assets as Level 3 financial statement items. Their fair values are estimated using a discounted cash flow valuation model. Inputs to the model include loan amount, collection status, foreclosure and loss mitigation status, property type, property location, estimate of property value, probabilities of expected outcomes, and loss severities.

4. FAIR VALUE OF INVESTMENTS (CONTINUED)

Mortgage Loans Receivable (Continued)

The model is a run at a loan level for each asset. Cash flows are forecasted for multiple outcomes which are assigned a probabilistic weight and summed for each mortgage loan and aggregation of loans. Forecasts of expected cash flows are discounted at a market discount rate appropriate for pools of non-performing residential mortgage loans, reperforming residential mortgage loans, and REOs, based upon recently observed transactions. Adjustments to fair value are recorded to unrealized gain or loss from mortgage loans receivable in the accompanying consolidated statement of operations.

REOs

REOs are valued using observable and unobservable inputs in a process requiring the exercise of significant judgement. If the Company uses the market approach to estimate the fair values of the assets, the REO is classified as Level 2. Otherwise the fair values are estimated using a discounted cash flow valuation model. Inputs to the model include an estimate of value of the property from a broker's price opinion, an appraisal prepared by the Manager's staff appraiser, house price appreciation rates in the local market, known or estimated condition of the property, property tax rates, projected rehabilitation costs, and expected selling costs. The model generated expected cash flows from the disposition of the REOs, which are discounted at a market discount rate appropriate for pools of non-performing residential mortgage loans, reperforming residential mortgage loans, and REOs, based upon recently observed transactions. The Company classifies fair values of REOs estimated using the discounted cash flow approach as a Level 3 investment. As of December 31, 2021 there were no REOs classified as Level 3.

Joint Ventures

The Company estimates fair value of the investment using the transaction price as an estimate of fair value at acquisition. At each subsequent measurement date, the Company reviews the valuation of each investment and records adjustments as necessary to reflect the expected exit value of the investment under current market conditions. Ongoing reviews by the Company's management are based on an assessment of the type of investment, the stage in the lifecycle of the portfolio company, and trends in the performance and credit profile of each portfolio company as of the measurement date. The Company classifies these assets as a Level 3 investment. Adjustments to fair value are recorded to unrealized gain from investment in joint venture in the accompanying consolidated statement of operations.

4. FAIR VALUE OF INVESTMENTS (CONTINUED)

Notes and Accrued Interest Receivable from Related Parties

Notes receivable are recorded at par value with changes in estimated fair value made using a discounted cash flow valuation model. Inputs to the model include loan amount, collection status, foreclosure and loss mitigation status. The Company classifies these assets as a Level 3 investment.

Significant Unobservable Inputs

The following table summarizes the valuation techniques and significant unobservable inputs used for the Company's investments that are categorized in Level 3 of the fair value hierarchy as of December 31, 2021:

	Fair Value	Valuation Technique	Unobservable Inputs	Quantitative Information
			UPB of mortgage loans	$960 - $457,974 Average:$90,750
Mortgage Loans Receivable	$ 29,092,895	Discounted Cash Flow Model	Property Value	$18,000 - $1,814,383 Average $311,930
			Average Life	0.08 - 11.74 Average: 5.44
			Discount rate	Average: 7.45
Short Term Business Loans	$ 20,192,167	Market Approach	Comparable estimates	*
Joint Ventures	$ 61,818,181	Discounted Cash Flow Model	Discount rate	*
Joint Ventures	$ 8,500,000	Market Approach	Comparable estimates	*
Notes Receivables from Related Parties	$ 22,623,412	Market Approach	Comparable estimates	*

* Quantitative unobservable inputs are not developed

5. INVESTMENT IN JOINT VENTURES

Residential Credit Opportunities VI, LLC

On September 24, 2021, Reliant entered a joint venture agreement (the Agreement) with American Mortgage Investment Partners Management, LLC (Investment Manager or AMIP) to form Residential Credit Opportunities VI, LLC (RCO-VI). RCO-VI will acquire performing, non-performing or distressed mortgage loans secured by real estate property, and interest (whether debt, equity or otherwise) in entities that own or intend to own such residential mortgage loans or property. In accordance with the Agreement, the terms of the joint venture expire thirty-three months after the end of the investment period. The investment period is scheduled to terminate during November 2024. The Investment Manager has the right, subject to the approval of the members, to extend the termination of the joint venture for one additional year.

Committed Capital

The Company committed a total of $55,000,000 to RCO-VI. During 2021, the Company funded $40,400,000 in capital calls and received $31,519,183 in distributed capital. Based upon the terms of the operating agreement, the Company's capital account was $61,586,240, which was 89.85% of total equity for RCO-VI at December 31, 2021. Subject to approval of the joint venture members, the Investment Manager is authorized to make capital calls up to the amount of unfunded capital commitments to enable the purchase of investments, pay fees and expenses, or to provide reserves. No member is required to fund an amount more than their unfunded capital commitment, and distributed capital can be recalled at the discretion of the members.

Beginning Balance	$	40,358,366
Capital Calls		40,400,000
Distributed Capital		(31,549,183)
Ending Balance	$	49,209,183

Allocation of Profits between the Company and the Joint Venture

Net profits or net losses of the joint venture are primarily allocated to the capital accounts of its members in accordance with the members' respective capital contributions to the Company. Distributions are made in accordance with the following distribution priorities: first, to the members pro rata in accordance with their capital contributions until the cumulative amount distributed to each member is equal to the sum of the member's capital contributions; second, to the members pro rata in accordance with their capital contributions until the gross adjusted internal rate of return received by the members from all distributions is equal to 10.96%; thereafter, 45% to the Investment Manager (the Carried Interest) and 55% to members pro rata in accordance with their respective capital contributions.

5. INVESTMENT IN JOINT VENTURES (CONTINUED)

Residential Credit Opportunities VI, LLC (Continued)

Allocation of Profits between the Company and the Joint Venture (Continued)

The joint venture has made a capital allocation for the future payment of the Carried Interest and such allocation is reflected on the consolidated balance sheet of RCO-VI. The joint venture capital allocated to Carried Interest was $6,960,660 at December 31, 2021.

1000 Montreal Rd

On July 26, 2021, the Company invested $8,500,000 through its wholly owned subsidiary, Reliant Income Fund GA, LLC (RIF GA), as a joint venture partner in the purchase of a 284-unit apartment complex located at 1000 Montreal Road, Clarkston, GA 30021 known as Parc 1000 (the Property). The Company is a tenant in common together with an affiliate to the Manager and with a third party.

Allocation of Profits to the Company

According to the tenants in common and joint participation agreement, by and among the three tenants in common, RIF GA as the participating investor receives a 7.00% annual preferred return (simple interest) and a 3.00% annual preferred lookback rate. The preferred return is paid to RIF GA on a quarterly basis, which commenced on October 31, 2021. Upon sale, disposition or refinancing of the Property, and subject to sufficient free cash flow, RIF GA will receive the purchase price for their participating interest, any unpaid and accrued annual preferred returns, and the accrued annual preferred lookback rate.

6. RELATED PARTY TRANSACTIONS

Acquisition of Home Preservation Partnership, LLC

On October 26, 2021, the Company acquired all economic membership interests of HPP and its subsidiary HPP Properties, from an affiliate of the Manager for total consideration of $8,630,971.

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes Receivable and Accrued Interest from Related Parties

The Company had notes receivable and accrued interest with the following related party entities at December 31, 2021:

Related Party		Credit Limit		Amount
RLS	$	10,000,000	$	2,160,699
DEII	$	10,000,000		6,380,000
SLOC	$	10,000,000		2,727,142
SLOC - DE		n/a		3,890,010
CREF - convertible debt	$	1,000,000		1,000,000
CREF - facility agreement	$	7,500,000		4,500,000
Interest Receivable with Various Related Parties		n/a		1,965,561
Total			$	22,623,412

The notes receivable to these related parties allow them to purchase individual or pools of distressed mortgage loans. The notes receivable are secured by a blanket security agreement on the purchased mortgage loans. The notes bear interest at a rate of 9.00% and 12.00% per annum, maturing thirty-six months after the initial advance is made.

Payment of the notes will be made based on the performance of the underlying collateral. Payments received by the related entity for performing loan payments, sales of notes, foreclosure, and subsequent sale of real estate provide the cash flow for repayment of interest and principal.

Due to the nature of the underlying assets, repayment of accrued interest and principal will vary due to the amount of time distressed assets require to generate cash flow. The Company earned $3,577,813 in interest through December 31, 2021.

Foundation CREF LLC

On November 6, 2020, the Company loaned $500,000 to Foundation CREF LLC (CREF). On June 6, 2021, the Company loaned an additional $500,000 to CREF. Both loans bear interest at 10.00% and are due on October 29, 2022. Accrued interest for the year ended December 31, 2021 was $61,667. The note has an equity conversion feature based on certain triggering events, as further specified in the note agreement.

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes Receivable and Accrued Interest from Related Parties (Continued)

Foundation CREF Funding II, LLC

On May 26, 2021 the Company executed a Loan Facility Agreement with Foundation CREF Funding II, LLC. The Loan Facility Agreement is for a maximum amount of $7,500,000, bears interest at 10.00% per annum, and matures on September 1, 2024. The outstanding balance receivable at December 31, 2021 was $4,500,000.

Advances to Related Party

The Company provides working capital advances to related parties. The outstanding receivable was $309,207 at December 31, 2021.

Other Transactions with Related Parties

On March 17, 2021, the Company acquired distressed notes with a total unpaid principal balance of $12,976,272 from the related party Partners for Payment Relief DE IV, LLC as a seller for a total consideration of $4,187,059. On March 17, 2021, the Company also acquired distressed notes with an unpaid principal balance of $1,894,577 from the related party Beneficial Opportunity Fund, LLC as a seller for a total consideration of $958,978.

Overhead Charges from the Manager

During the year ended December 31, 2021 the Company was charged $2,756,440 for certain operating and administrative services provided by the Manager.

7. RISKS AND UNCERTAINTIES

Concentration Risk

Investment Income

The Company generated 63% of its total investment income from related party notes receivable during the year ended December 31, 2021.

Total Assets

At December 31, 2021, 14% of its total assets in notes receivable were with related parties.

7. RISKS AND UNCERTAINTIES (CONTINUED)

Concentration Risk (Continued)

Mortgage Loans Receivable

At December 31, 2021, mortgage loans are comprised of 326 loans with a total fair value of $29,092,895.

The distribution of mortgage loan values by fair value at December 31, 2021 was as follows:

		Fair Value	Percentage of Investment in Mortgage Loans	Percentage of Members' Capital
First Liens	$	19,855,546	68.25%	12.88%
Second Liens		9,237,349	31.75%	5.99%
	$	29,092,895		

Short Term Business Loans Receivable

At December 31, 2021, short term business loans are comprised of 22 loans with a total fair value of $20,192,167, all of which are secured by a first lien.

7. RISKS AND UNCERTAINTIES (CONTINUED)

Concentration Risk (Continued)

Concentration by State of Mortgage Loans and Short Term Business Loans

The ten states with the largest concentration of the combined loans receivable at December 31, 2021 was as follows:

State		Fair Value	Percentage of Members' Capital
DC	$	12,817,234	8.31%
NY		6,192,128	4.02%
MA		3,912,489	2.54%
NJ		3,328,883	2.16%
IL		2,790,537	1.81%
FL		2,490,465	1.62%
PA		2,270,484	1.47%
CA		1,944,435	1.26%
NC		768,543	0.50%
LA		377,037	0.24%
All Other States		12,392,827	8.04%
Total	$	49,285,062	

Real Estate Owned

At December 31, 2021, real estate owned was comprised of twenty-one properties with a total fair value of $5,892,150.

The five states with the largest concentration of loans at December 31, 2021 was as follows:

State		Fair Value
IL	$	2,176,860
NJ		935,000
NY		600,000
MN		544,000
MD		519,260
All Other States		1,117,030
Total	$	5,892,150

7. RISKS AND UNCERTAINTIES (CONTINUED)

Investment Risk

Assets purchased by an affiliate of the Company, using capital from multiple affiliated funds, may be inequitably allocated and commingled, resulting in the Company not receiving the full economic value of the assets that were purchased using its capital.

Default Risk

In the normal course of its business, the Company is exposed to default risk related to its investment portfolio. In the event a borrower defaults on a loan, the Company is normally able to foreclose on the loan, receive title to the underlying property and attempt to sell the property to recover its investment. However, there is no guarantee that the original investment will be recovered.

8. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company has been named as a defendant in various matters. These legal actions generally arise from the Company's activities associated with the servicing of its investments in mortgage loans and REO. The Manager, after consultation with legal counsel, believes the resolution of these matters will not have a material adverse effect on the financial condition, results of operations, or cash flows of the Company.

9. REGULATORY REQUIREMENTS

Securities Laws

In offering the units of membership interest, the Company is subject to applicable federal and state securities laws. Membership interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the Act), in reliance upon the exemptions provided for under Rule 506 of Regulation D of the Act and on similar exemptions under state applicable laws.

Under Rule 506 and certain state laws, the Company must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual. Registration under Rule 506 also allows the Company to operate nationally.

9. REGULATORY REQUIREMENTS (CONTINUED)

Employee Retirement Income Security Act of 1974 (ERISA)

The Department of Labor plan asset regulations define what constitutes plan assets of benefit plan investors, which include employee benefit plans governed by the Employee Retirement Income Security Act (ERISA) or Individual Retirement Accounts and other plans covered by Section 4975 of the Internal Revenue Code. As a general rule, the plan asset regulations provide that when a benefit plan investor purchases an equity interest in a non-public fund, the equity interest in the fund will be treated as the plan's assets, provided the equity participation by all benefit plan investors combined does not exceed 25%.

For funds exceeding the 25% limit, the underlying assets of the fund are deemed plan assets for purposes of ERISA and Section 4975 of the Code. Fund activities would be subject to the prohibited transaction rules ERISA and Section 4975, as well as other potential consequences.

At December 31, 2021, the Company did not exceed the 25% plan asset threshold.

10. FINANCIAL HIGHLIGHTS

Financial highlights for the year ended December 31, 2021 are as follows:

Average Investor Rate of Return to Limited Partners since Inception:	
Beginning of Year	9.77%
End of Year	9.63%
Year-to-Date Ratios to Average Limited Partners' Capital	
Total Expenses	4.27%
Net Investment Income	1.23%

Financial highlights are calculated for the limited partner class taken as a whole. An individual limited partner's return and ratios may vary.

The internal rate of return of the limited partner class since inception the Company is computed based on the actual dates of capital contributions and distributions and the ending aggregate limited partners' capital balance (residual value).

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through October 11, 2022, the date the consolidated financial statements were available to be issued, and there were the following subsequent events to report:

On January 16, 2022, Reliant received $21,500,000 in distributed capital from RCO-VI, financed through the sale of reperforming loans held by RCO-VI for a total consideration of $30,911,709.

On January 24, 2022, the wholly owned subsidiary, Reliant Income STBL, LLC, entered into a Master Repurchase Agreement and Securities Contract with Churchill MRA Funding I, LLC (the Buyer), for a $50,000,000 revolving credit line to be used to purchase a stake in eligible short-term business loans. The facility has no set maturity date but can be terminated with ninety-day notice given by the Buyer. The facility bears interest at a rate ranging from SOFR plus 4.50% to SOFR plus 4.00% depending on the Aggregate Purchase Price outstanding.

On February 18, 2022, Reliant Income STBL II, LLC was formed to hold all short-term business loans that are not eligible to be financed by Churchill MRA Funding I, LLC. The Company is a wholly owned subsidiary of Reliant and will be consolidated.

On July 21, 2022, Residential Credit Opportunities VIII, LLC was formed as another joint venture between AMIP and Reliant for $55,000,000 to purchase and manage residential non-performing loans.

On July 27, 2022, HPP entered into a Loan Participation Agreement with Seattle Bank, in which HPP will sell a 75% participation of each eligible Home Equity Conversion Mortgage loan purchased by HPP from the U.S. Department of Housing and Development (HUD) on August 17, 2022. Seattle Bank will earn an 8.50% preferred return for its participation.

On July 27, 2022, HPP Property II, LLC (HPP2), was formed by its sole member HPP. On August 17, 2022, HPP2, together with Reliant Trust, Series HPP2 entered into a Credit Facility Loan Agreement with Seattle Bank for $17,281,589, which was used to purchase loans from HUD. The credit facility bears interest at 10.00% and matures on August 17, 2024.

As described in Note 6, the Company has notes receivable with related party entities that will mature on various dates in 2022. Prior to maturity, in 2022, all of these notes were extended to January 2024.