Reliant Income Fund, LLC

December 31, 2020

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, 2020, the related consolidated schedule of investments, and consolidated statements of operations and changes in members' capital, and 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, 2020, 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

Restatement

Reliant Income Fund, LLC has adjusted beginning members' capital by $667,684 to account for a change in accounting principle related to investment companies, as further discussed in Note 10.

Related Party Transactions

As discussed in Note 5 to the consolidated financial statements, Reliant Income Fund, LLC has notes receivable with businesses controlled by the fund manager or 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
August 31, 2022

Spiegel Accountancy Corp.
Certified Public Accountants

Reliant Income Fund, LLC
Consolidated Statement of Assets and Liabilities
December 31, 2020

ASSETS

Assets:

Investments at Fair Value (Cost $87,315,826)	$	96,045,177
Cash		2,192,095
Accounts and Other Receivables		73,811
Advances Receivable from Related Parties		116,360
Related Party Note and Accrued Interest Receivable		507,534
Total Assets	$	98,934,977

LIABILITIES

Liabilities:

Subscriptions Payable	$	150,000
Distributions Payable		3,810,850
Total Liabilities		3,960,850
Total Members' Capital		94,974,127
Total Liabilities and Members' Capital	$	98,934,977

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Schedule of Investments
December 31, 2020

Investments	Ownership Percentage	Cost	Fair Value	Percentage of Members' Capital
Mortgage Loans Receivable	100%	$ 6,076,144	$ 9,877,404	10% *
Limited Liability Company				
Residential Credit Opportunities VI, LLC (Joint Venture)	95%	39,325,418	44,253,509	47% *
Notes and Accrued Interest Receivable from Related Parties	100%	41,914,264	41,914,264	44% *
Total Investments		$ 87,315,826	$ 96,045,177	

*Percentages are stated as a percent of members' capital.
All investments are domiciled in the United States of America.
All individual mortgage loan receivables are less than 5% of members' capital.
See Note 6 for details on geographic classification of mortgage loans held as of December 31, 2020.

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Statement of Operations and Changes in Members' Capital
Year Ended December 31, 2020

Investment Income:		
Interest Income on Related Party Note Receivable	$	5,591,862
Mortgage Interest Income		169,944
Gain on Loan Payoff		185,476
Other Income		52,102
Total Investment Income		5,999,384
Expenses:		
Loan and Real Estate Owned Costs		54,072
Administrative Expenses		716,547
Total Expenses		770,619
Net Investment Income		5,228,765
Net Realized and Unrealized Gain from Investments:		
Gain on Sale of Real Estate Owned		612,358
Unrealized Gain from Mortgage Loans Receivable		3,102,171
Unrealized Gain from Investment in Joint Venture		6,047,273
Net Increase in Members' Capital Resulting from Operations		14,990,567
Members' Capital - Beginning of Year		50,546,964
Adoption of Fair Value Accounting		667,684
Members' Capital - Beginning of Year (Restated)		51,214,648
Members' Contributions		42,143,870
Members' Withdrawals		(5,290,000)
Members' Distributions		(8,084,958)
Members' Capital - End of Year	$	94,974,127

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Statement of Cash Flows
Year Ended December 31, 2020

Cash Flows From Operating Activities:		
Net Increase in Members' Capital Resulting from Operations	$	14,990,567
Adjustments to Reconcile Net Income to Net		
Cash from Operating Activities:		
Gain on Sale of Real Estate Owned		(612,358)
Purchase of Real Estate Owned		(2,335,014)
Proceeds from Sale of Real Estate Owned		1,487,995
Unrealized Gain from Mortgage Loans Receivable		(3,102,171)
Unrealized Gain from Investment in Joint Venture		(6,047,273)
Acquisition of Investment in Joint Venture		(20,650,002)
Purchases of Mortgage Loans Receivable at Fair Value		(22,525,003)
Changes in Operating Assets and Liabilities:		
Investment in Joint Venture (See Note 4)		2,152,130
Accounts and Other Receivables		(43,627)
Notes and Accrued Interest Receivable from Related Parties		4,466,896
Advances Receivable from Related Parties		(60,615)
Accounts Payable and Accrued Expenses		(120,370)
Related Party Note and Accrued Interest Receivable		(507,534)
Net Cash Used by Investing Activities		(32,906,379)
Cash Flows From Financing Activities:		
Members' Contributions		42,143,870
Subscriptions Payable		150,000
Members' Withdrawals		(5,290,000)
Members' Distributions		(4,274,108)
Net Cash Provided by Financing Activities		32,729,762
Net Decrease in Cash		(176,617)
Cash - Beginning of Year		2,368,712
Cash - End of Year	$	2,192,095
Supplemental Disclosure of Cash Flow Information:		
Non-Cash Transactions:		
Distributions Payable	$	(3,810,850)
Contribution of Real Estate Owned to Investment in Joint Venture	$	1,459,377
Contribution of Mortgage Loans Receivable to Investment in Joint Venture	$	18,248,996

See Notes to Consolidated Financial Statements

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Reliant Income Fund, LLC (Reliant) was formed on March 12, 2019. Reliant 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.

Residential Credit Opportunities VI-AB, LLC (RCO-VI-AB) was formed on July 29, 2020 to acquire real estate that would ultimately be assigned to a joint venture, as further discussed in Note 4. RCO-VI-AB is a limited liability company organized under the Delaware Limited Liability Company Act, and a wholly owned subsidiary of Reliant.

General Company Provisions

The rights, duties, and powers of the members of Reliant and RCO-VI-AB, collectively 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 5.00%, 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.

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 RCO-VI-AB that is itself an investment company. Investments in non-consolidated investment entities are reported initially at their transaction price and subsequently at fair value.

Basis of Consolidation

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

Consolidated Company	Short Name	Type of Company	Percentage Owned by the Company	Type of Assets Held
Residential Credit Opportunities VI-AB, LLC	RCO-VI-AB	Investment	100 %	REO

All significant intercompany balances and transactions between the Company, its wholly owned subsidiary have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments at Fair Value (Continued)

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 operating income or expense. 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 using models of discounted future cash flows expected to be generated by the REOs. All REOs were sold during the year ended December 31, 2020.

Investment in Limited Liability Company

Investment in limited liability company includes joint ventures, controlling ownership in member units of limited liability companies 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 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 mortgage loans 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.

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 $150,000 at December 31, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Mortgage interest income on performing loans is recognized as revenue when earned according to the contractual terms of the loan agreement.

Gain on Loan Payoff

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

Realized Gain or Loss on Sale of REOs

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 receipt fees, as applicable.

The Company has evaluated its current tax positions and has concluded that as of December 31, 2020, no significant uncertain tax positions exist for which a reserve would be necessary.

The Company's income tax returns are subject to review and examination by federal, state, and local governmental authorities. As of December 31, 2020, there are two 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 are included in the administrative expenses section of the statements of income and changes in members' equity. For the year ended December 31, 2020, there were no tax penalties or interest incurred.

Recently Issued Accounting Pronouncements

Credit Losses - In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326),* and was clarified by FASB ASU 2019-04, *Codification Improvements,* and FASB ASUs 2019-05 and 2019-11*, Targeted Transition Relief and Clarification*. Prior to these pronouncements, generally accepted accounting principles required use of the incurred loss method for recognizing credit losses in the reserve. The incurred loss method recognizes a credit loss when it is probable that a loss has been incurred. The new guidance replaces the incurred loss method with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to form credit loss estimates. The pronouncements also allow for the irrevocable election of the fair value measurement for certain financial assets. FASB ASUs 2018-19 and 2019-10, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, have deferred the adoptions of these standards until interim and annual periods beginning after December 15, 2022. Management is currently evaluating the guidance and the impact it will have on the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 estimate 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. FAIR VALUE OF INVESTMENTS

The following assets were measured at their fair values as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Mortgage Loans Receivable	$ -	$ -	$ 9,877,404	$ 9,877,404
Joint Venture	-	-	44,253,509	44,253,509
Notes and Accrued Interest Receivable from Related Parties	-	-	41,914,264	41,914,264
Total	$ -	$ -	$ 96,045,177	$ 96,045,177

3. FAIR VALUE OF INVESTMENTS (CONTINUED)

There were no transfers between fair value hierarchies and no transfers into or out of Level 3 hierarchy during 2020, and there were no non-recurring assets or liabilities.

Purchases of investments for the year ended December 31, 2020 was as follows:

Mortgage Loans	$	22,525,003
REOs		2,335,014
Investment in Joint Venture		40,358,374
Related Party Notes Receivable		7,898,837
Total	$	73,117,228

Valuation Process and Techniques

The Company's assets carried at fair value with changes in fair value recognized in current period operations represent 97% 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, accounts and other receivables, advances receivable from related parties, notes and accrued interest receivable from related parties, subscriptions and distributions payable approximate their fair values at December 31, 2020.

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.

3. 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 statement of income and changes in members' capital.

REOs

REOs are valued using observable and unobservable inputs in a process requiring the exercise of significant judgement. The Company classifies these assets as a Level 3 investment. 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.

Limited Liability Company

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 or loss from investment in joint venture in the accompanying statement of income and changes in members' capital.

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.

4. INVESTMENT IN LIMITED LIABILITY COMPANY

On September 24, 2020, the Company entered a joint venture (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 $55,000,000 to the joint venture and funded $40,358,366 in capital calls through December 31, 2020. Based upon the terms of the operating agreement, the Company's capital account was $44,253,509, which was 95.36% of total equity for RCO-VI at December 31, 2020. 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 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 within the discretion of the members.

Beginning Balance	$	-
Capital Calls		20,650,000
Contributed Assets		19,708,366
Distributions		-
Ending Balance	$	40,358,366

4. INVESTMENT IN LIMITED LIABILITY COMPANY (CONTINUED)

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 member pro rata in accordance with their capital contributions until the gross adjusted internal rate of return received by the member 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. No distributions were made in 2020. The joint venture has made a capital allocation for the future payment of the Carried Interest and such allocation is reflected in the consolidated balance sheet as non-controlling interest to joint venture member. The joint venture capital allocated to Carried Interest was $2,152,130 at December 31, 2020.

5. RELATED PARTY TRANSACTIONS

Notes Receivable and Accrued Interest from Related Parties

The Company had notes receivable with the following related party entities at December 31, 2020:

Related Party		Credit Limit		Amount
HPP	$	n/a	$	23,143,123
RLS		10,000,000		858,293
DEII		10,000,000		9,380,000
SLOC		10,000,000		3,412,186
SLOC - DE		n/a		3,735,769
Other Loans		n/a		300,000
Interest Receivable		n/a		1,084,893
Total			$	41,914,264

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.

5. RELATED PARTY TRANACTIONS (CONTINUED)

Notes Receivable and Accrued Interest from Related Parties (Continued)

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 $5,591,862 in interest through December 31, 2020.

On November 11, 2020, the Company acquired distressed notes with a discount of $313,012 from SLOC - DE. This discount is being amortized over twenty-four months, the expected timeframe it will take to liquidate the assets which secure the receivable. Amortization of the discount was $13,042 for the year ended December 31, 2020.

Advances to Related Party

The Company provides working capital advances to related parties. The outstanding receivable was $116,360 at December 31, 2020.

Notes and Accrued Interest Receivable, Net

On November 6, 2020, the Company loaned $500,000 to Foundation CREF LLC. The loans bears interest at 10.00% and is due on October 29, 2022. Accrued interest for the period ending December 31, 2020 was $7,534. The note has an equity conversion feature based on certain triggering events, as further specified in the note agreement.

6. RISKS AND UNCERTAINTIES

Concentration Risk

Investment Income

The Company generated 93% of its investment income from related party notes receivable during the year ended December 31, 2020.

Total Assets

At December 31, 2020, 44% of its total assets in notes receivable were with related parties.

6. RISKS AND UNCERTAINTIES (CONTINUED)

Concentration Risk (Continued)

Mortgage Loans Receivable

At December 31, 2020, mortgage loans are comprised of eighty-nine loans with a total fair value of $9,877,404.

The distribution of mortgage loan values by fair value at December 31, 2020 was as follows:

		Fair Value	Percentage of Investment in Mortgage Loans	Percentage of Members' Capital
First Liens	$	7,626,602	77.00%	8.00%
Second Liens		2,250,802	23.00%	2.00%
	$	9,877,404		

The ten states with the largest concentration of loans at December 31, 2020 was as follows:

State		Fair Value	Percentage of Members' Capital
NY	$	1,840,069	1.94%
MA		1,134,186	1.19%
NJ		930,124	0.98%
PA		904,788	0.95%
CA		796,324	0.84%
IL		747,121	0.79%
IN		635,476	0.67%
FL		358,430	0.38%
WI		305,916	0.32%
TX		111,977	0.12%
All Other States		2,112,993	2.22
Total	$	9,877,404	

6. 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.

Global Pandemic

Since early 2020, the novel strain of coronavirus (COVID-19) been circulating both globally and throughout the United States. Governmental efforts to limit the spread of COVID-19 have resulted in varying restrictions on economic activity that have led to significant levels of unemployment and disruptions to the financial markets in the United States and globally. Temporary government regulations have affected and, in some instances, restricted the manner in which the Company can manage its mortgage loans and REOs. While the global and U.S. economies have partially recovered and some of the restrictive regulations have been lifted, there remains considerable uncertainty as to the length of time these conditions will continue. The Company is currently unable to determine the ultimate effect of these situations on its future earnings and financial condition.

7. 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.

8. 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.

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, 2020, the Company exceeded the 25% plan asset threshold.

9. MEMBERS' CAPITAL

At December 31, 2020, members had the following capital balances: Class A, $14,466,396; Class B, $9,154,068; and Class C, $71,353,663. At December 31, 2020, members also had the following distribution payable: Class B, $287,077 and Class C, $3,523,773.

10. RESTATEMENT

Based on the Company's review of the requirements of FASB ASC 946, the nature of its investment structure changed so that the tenants of standard became applicable. The application of the standard resulted in an opening members' capital change of $667,684.

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 31, 2022, the date the financial statements were available to be issued, and other matters to report were as follows:

- On February 5, 2021, RCO-VI obtained $28,965,782 in financing from an investment bank, resulting in $28,400,000 return of capital to the Company. The financing matures on October 8, 2022. Interest accrues at SOFR plus 2.75% until the amortization period begins (December 31, 2021) at which time interest will accrue at SOFR plus 3.25%.

- On October 31, 2021, Reliant purchased 49 (100% economic interest) ownership stake of Home Preservation Partnership, LLC (HPP) from its affiliate Partners for Payment Relief DEIV, LLC's for $8,630,970.

- On December 6, 2021, Reliant created a subsidiary, Reliant Income STBL, LLC to purchase short term business loans. Short term business loans are residential loans with a construction draw component. These loans have an average life of eight months and are used by the Company to mitigate negative carry on investor capital.

- On January 24, 2022, Reliant Income STBL, LLC entered a Master Repurchase Agreement and Securities Contract with Churchill MRA Funding I, LLC 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 a 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.

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

- On July 27, 2022, HPP entered a Loan Participation Agreement with Seattle Bank, in which HPP will sell a 75% participating interest of each eligible Home Equity Conversion Mortgage loan purchased by HPP from HUD on August 17, 2022. Seattle Bank will earn an 8.50% preferred return for its participating interest.

11. SUBSEQUENT EVENTS (CONTINUED)

- On August 17, 2022, HPP Property II, LLC, a subsidiary of HPP and 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 loan bears interest at 10.00% and matures on August 17, 2024.

- As described in Note 5, 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.