



R M SECURITIES

Regulation Best Interest Disclosure

Updated: April 17, 2024

The Securities and Exchange Commission has enacted [Regulation Best Interest](#) to help protect retail customers. RM Securities, LLC (“RM Securities,” the “Firm,” “we,” “our,” or “us”) is committed to complying with Regulation Best Interest when it makes recommendations. We are providing these additional disclosures to explain our approach to Regulation Best Interest. Our disclosures regarding Regulation Best Interest should be read in conjunction with the following: Our [Form CRS](#); Our [Limited Brokerage Services Agreement](#); the Realty Mogul, Co. Platform Terms of Service; Realty Mogul, Co. [Privacy Policy](#); Realty Mogul, Co. [E-Sign and Electronic Delivery Consent](#); Realty Mogul, Co. General Platform [Disclosures](#), and any specific disclosures, offering documentation, and any risk factors therein concerning Limited Products offered by us (together “Disclosure Documents”).

Products and Services

RM Securities offers limited brokerage services in connection with products offered to retail customers predominantly through our license and operation of certain aspects of an online web-based platform located at www.realtymogul.com (the “Platform”), which is owned and more generally operated by RM Technologies, LLC, our Affiliate (as defined below). The following disclosures are intended to summarize important information concerning the scope and terms of the brokerage services we offer and the conflicts of interest that arise through our delivery of those brokerage services to you. We strongly encourage you to review this information carefully, together with the Disclosure Documents, as well as all additional communications, disclosures, or documents you receive from us, Issuers or Referred Brokers (each as defined below) in connection with any Limited Product (as defined below), including without limitation operating agreements, subscription agreements, prospectuses, and private placement memoranda (“Offering Documents”). Offers to sell, or solicitations of offers to buy, any security can only be made through an Issuer’s Offering Documents which contain important information about risks, conflicts of interest, fees and expenses related to the relevant securities offering.

RM Securities sells and distributes securities, or acts as a managing broker-dealer, in connection with primary offerings in select private offerings exempt from registration under the Securities Act of 1933 (“Private Offerings”), which Private Offerings include offerings by both affiliated and unaffiliated companies and private funds (*i.e.*, funds that are exempt from registration under the Investment Company Act of 1940) (together with the REITs, as defined below, “Issuers”). RM Securities also provides brokerage services to two affiliated non-listed Real Estate Investment Trusts, the RealtyMogul Income REIT, LLC and the RealtyMogul Apartment Growth REIT, Inc. (together the “REITs”), each of which are qualified offerings under Regulation A of the Securities Act of 1933. RM Securities also act as a referring broker-dealer whereby RM Securities allows unaffiliated registered broker-dealer member firms (“Referred Brokers”) to present their services and/or products to retail investors that have a relationship with RM Securities (“Referrals”).

Limitations and Risks

RM Securities or its Registered Representatives (“Representatives”) will make recommendations to you of certain, but not all, Private Offerings, the REITs, and certain Referrals (together “Limited Products”); however, the ultimate decision regarding the purchase or sale of any Limited Product will be at your sole discretion. The Limited Products offered by RM Securities are limited; we do not offer customers all types of securities products. For example, we do not offer mutual funds or publicly traded stocks or bonds, among other types of products. Additionally, while the Limited Products we offer primarily concern real estate related assets and investment, we can offer Limited Products that do not concern real estate. Other brokerage firms will offer a greater variety of potential investments, including investments across a broader range of asset classes and industries.

Certain Private Offerings are currently available only to accredited investors under SEC rules. (For more information about the SEC’s accredited investor rules, please [click here](#).) The REITs are offered to both accredited and non-accredited investors; however, non-accredited investors in the REITs are still subject to and responsible for adhering to certain investment limitations based on their net worth or annual income. Additionally, we do not make recommendations of every Limited Product on the Platform or to every investor, accredited or otherwise. The posting of Limited Products on the Platform should not be construed as, and is not, a recommendation, endorsement, or affirmation that the Limited Product is suitable for you or in your best interest. You must carefully review each Limited Product to make an independent determination as to the suitability of the Limited Product and/or whether such Limited Product is in your best interest. Other investment products or brokerage services can be more suitable for you or otherwise more in your best interest than the Limited Products we offer.

RM Securities does not hold custody or accept discretionary authority of any investor assets, funds, or securities. RM Securities does not control any of the funds or securities in connection with any Limited Product, nor does RM Securities employ a clearing firm. All investor funds and securities are handled directly between the investor and the Issuer, or an escrow account established by the Issuer. RM Securities does not, nor does it commit to, provide any ongoing monitoring of your investments or securities. An Affiliate of RM Securities will provide investor administration services to Issuers through which our Affiliate engages in administrative communications with you on behalf of an Issuer regarding your investment; however, it is your responsibility to monitor your investments, and we encourage you to do so regularly. RM Securities does not offer IRA accounts.

Limited Products are highly speculative and involve a high degree of risk, including without limitation: (i) risk of substantial or total loss of investment; (ii) lack of diversification resulting in the limited number of Limited Products we recommend disproportionately affecting the overall performance of your aggregate investments; and (iii) illiquidity because Limited Products, unlike investments purchased on a stock exchange, are not publicly traded, are subject to holding period requirements, and are often “restricted securities;” as a result, you may need to hold the securities indefinitely. In addition, each Limited Product will carry risks that are specific to the relevant investment opportunity. You should carefully review the Offering Documents for each Limited Product for additional information, including any discussion concerning any risk factors therein. Importantly, you should not invest unless you can readily bear the consequences of such loss, including loss of your entire investment.

Limited Products are not bank deposits (and thus not insured by the FDIC or by any other federal governmental agency), are not guaranteed by RM Securities, its Representatives, affiliates, associated persons, and personnel of our affiliates who are also associated with us ("Affiliate(s)") and can lose value. Neither the Securities and Exchange Commission nor any federal or state securities commission or regulatory authority has recommended or approved any investment or the accuracy or completeness of any of the information or materials provided by or through the Platform.

Investors should conduct their own due diligence, not rely on the financial assumptions or estimates provided by an Issuer, and are encouraged to consult with a financial advisor, attorney, accountant, and any other professional that can help them to understand and assess the risks associated with any investment opportunity.

Fees and Compensation

RM Securities and its Affiliates receive fees, expense reimbursements, and other compensation ("Fees") from Issuers, the REITs, and Referred Brokers in connection with Limited Products. We do not directly charge you Fees in connection with any Limited Product. You will directly, or indirectly as an investor in a Limited Product, pay Fees to Issuers of Private Offerings, the REITs, and Referred Brokers. Issuers, the REITs, and Referred Brokers will use the Fees you pay, as well as funds you invest, to compensate us or our Affiliates. The Fees paid to us, or our Affiliates, will be borne by you as the investor (typically, but not always, in the form of an expense of the Issuer in which you invest) because such Fees will reduce the proceeds available for distribution from an Issuer to you and otherwise reduce the amount you earn over time. The specific Fees we charge or that an Affiliate receives in connection with a Limited Product are negotiated and will vary by Limited Product. Generally, the Fees we receive include:

- RM Securities Fees Paid by Issuers: We charge or otherwise receive from Issuers Fees (which can include marketing, due diligence, wholesaling, and other allowances) in an amount equal to up to 8% of the total amount of capital we raise (or the total capital raised by a group of unaffiliated broker-dealers when we act as a managing broker-dealer). We additionally receive flat fees and reimbursement for certain out-of-pocket expenses.
- RM Securities Referral fees Paid by Unaffiliated Broker-Dealers: We receive a referral fee based on the amount of an investment made by investors whom we refer to a Referred Broker. The specific fee we earn will depend on the relevant referral arrangement, which will vary.
- Fees paid by Affiliated and Unaffiliated Issuers or Third Parties to Affiliates of RM Securities: Issuers and third parties pay certain fees to our Affiliates, including personnel of our Affiliates who are also registered or associated with RM Securities, in connection with investments you make. These fees include the following:
 - *Buyer's Real Estate Brokerage Fee/Real Estate Due Diligence Fee/Acquisition Fee*: an amount up to 3% of the total contract purchase price of a real estate asset;

- *Financing Coordination Fee/Credit Guarantee Fee*: an amount up to 1.0% of the financing amount when an Affiliate provides services in connection with arranging the debt, or provides a credit guarantee, in connection with the financing of a real estate-related transaction;
- *Property-Level Asset Management Fee*: an amount up to an annualized 1.50% of effective gross income of a real estate asset that will be paid monthly to an Affiliate for asset management services. Effective Gross Income means a property's potential gross rental income plus other income less vacancy and credit costs for any applicable period;
- *Seller's Real Estate Brokerage Fee/Real Estate Disposition Fee*: an amount up to 2% of the contract sales price of a real estate asset when an Affiliate provides disposition services for the real estate asset;
- *Promoted / Carried Interest*: an undetermined amount of an Issuer's distributable cash, after all other partners or members have been paid a cumulative, non-compounded preferred return;
- *Construction Management/Capital Expenditure Management Fee*: an amount up to 5% of aggregate expenditures for capital improvements of a real estate asset;
- *Fees associated with loans or preferred equity investments*, including the following:
 - (i) Origination Fee (an amount up to 3% of the financing amount);
 - (ii) Underwriting Fee (an amount up to 1% of the financing amount);
 - (iii) Extension Fee (an amount up to 1% of the financing amount per extension);
 - (iv) Modification Fee (an amount up to 1% of the financing amount per loan or preferred equity modification);
 - (v) Default Interest (interest paid in an amount defined under the particular loan or preferred equity agreement);
 - (vi) Prepayment Penalties (amount paid based on the amount of interest that would have accrued on the principal amount of the loan or preferred equity investment at the time of prepayment during the period commencing on the prepayment date and ending on the prepayment penalty period end date);
 - (vii) Exit Fee (an amount (x) up to 1% upon payoff or (y) calculated as a percentage of the financing amount or outstanding loan or preferred equity balance per extension; and
 - (viii) Reimbursement of Closing Costs (expenses reimbursed in connection with closing of the loan or preferred equity investment).
- *Servicing Fee*: an amount up to 0.50% of the principal balance of a loan or preferred equity investment plus accrued interest plus any applicable additional amounts associated with each loan or preferred equity investment serviced or administered by an Affiliate;
- *Special Servicing Fee*: an amount up to 1.00% of the original principal balance of a non-performing loan or preferred equity investment serviced by an Affiliate and any additional amounts associated with such investment;
- *REIT Asset Management Fee*: the REITs each pay an Affiliate an annual asset management fee of up to 1.25%, as well as reimbursement for certain expenses, in connection with that Affiliate's management of the REITs; and

- *Administration Solution Fee*: an ongoing, annual fee equal to an amount of up to 1% of assets under administration paid by Issuers to an Affiliate for providing investor administrative software, technology, and services to Issuers, including with respect to Issuers of Private Offerings on the Platform.

For specific information concerning the Fees associated with a particular Limited Product, including the Fees we or our Affiliates receive, we strongly advise that you review the relevant Fee disclosures made in communications from RM Securities, the relevant Issuer, or relevant Referred Broker concerning such Limited Product, including (but not always) through the Limited Product's Offering Documents.

You will pay Fees whether you make or lose money on your investments. Please make sure you understand what Fees you are paying, including any fees paid to us or our Affiliates prior to making any investment in a Limited Product.

Our Representatives and other persons associated with us (together, "Associated Persons") will earn Fees from several sources. First, our Associated Persons are employed by and earn salary and equity compensation from our parent company, Realty Mogul, Co. ("Parent"). Second, our Parent will pay Associated Persons cash and equity bonuses based on the overall performance of the Parent, team performance, and individual employee performance. Third, Representatives will receive sales-based commissions or bonuses, including from sales contests, based on capital raised from investors who invest in Limited Products. Fourth, Affiliates can earn a return on any investments they make in Limited Products. Fifth, Associated Persons earn Fees from our Affiliates for services provided to such Affiliates (including as employees, officers, or directors of an Affiliate or pursuant to a shared services agreement between our Parent and an Affiliate), including without limitation a percentage of promote/carried interest paid by an Issuer to an Affiliate (e.g., without limitation, a portion of promoted interest payable to an Affiliate acting as the general partner of an Issuer, or a loan guaranty fee personally made by an Associated Person in connection with an Affiliate securing financing for an Issuer's acquisition of a real estate asset).

Conflicts of Interest

We and our Affiliates make more or less money depending on the amount and types of Limited Products in which you invest, the frequency and type of investing you do, and other actions you might take based on our recommendations or the Limited Products we otherwise offer. RM Securities and our Affiliates, including our Associated Persons, have an incentive to encourage you to transact in the Limited Products we offer because we earn more fees the more you transact and/or the larger your transaction size. As a result, we and our Associated Persons have a conflict of interest when we offer Limited Products and when we make recommendations to you. You should understand and ask us about these conflicts because they can affect the Limited Products we provide and any related recommendations we make to you. These conflicts of interest include, without limitation:

- Proprietary Limited Products and Fees Paid to Affiliates: We are incentivized to recommend Limited Products offered by our Affiliates or from which our Affiliates are paid Fees, including the REITs and

any Issuers in which an Affiliate has a joint-venture interest or is the general partner or a co-general partner, because of the Fees that our Affiliates will receive. Please carefully review the detailed discussion of such Affiliated Fees above, as well as in Limited Product Offering Documents.

- Allocation of our Professional's Time to Affiliates: Certain of the Associated Persons we rely on for the day-to-day operation of our business are engaged in other business activities, including for our Affiliates and/or themselves, and in some instances as executives or managers of our Affiliates. Our Associated Persons face conflicts of interest when engaged in such other business activities. These conflicts include allocating their time between us, you, and such other outside business activities, financial and professional interests in our Affiliates and in other business activities that can conflict with yours, and obligations to other investors in our Affiliates' or in connection with other business activities that can conflict with your interests.
- Allocation of Investment Opportunities Limited Products: We are incentivized to allocate, in whole or in part, certain investment opportunities to our Affiliates, including Associated Persons and other personnel of our Affiliates because of the Fees paid to, and potential investment returns received by, our Affiliates. This includes, for example and without limitation, allocating a majority portion or the entirety of an investment opportunity to the REITs and Associated Persons.
- Co-Investment; Rights and Interests of our Affiliates: Affiliates, including Associated Persons, are permitted to invest in the same Limited Products as you at the same time as you. In such instances, Affiliates are incentivized to recommend such Limited Products over others, and, as an investor in such Limited Products, can have interests and decision rights that conflict with your interests. Please carefully review all Limited Product Offering Documents for additional information on the rights and interests of our Affiliates (in addition to any other unaffiliated parties).

Trusted Contact Persons

If you are 65 or older, or otherwise wish to designate a person whom we can reach with questions about your account, you may provide us with information about a [Trusted Contact Person](#). To provide information concerning a Trusted Contact Person, please [complete our form](#).