



Investor FAQ

When I invest with BlueSpruce Holdings, what exactly do I own?

You are purchasing shares of an LLC. Much like investing in the stock market, BlueSpruce Holdings allows you to partner with us by selling shares in the company. To determine your interest in the LLC, divide your investment amount into the total offering amount. For example, a \$50,000 investment would result in 3.57% ownership in the LLC if the total offering amount is \$1,400,000. $(50,000/1,400,000)$

How do I make my investment?

This is a 3-step process completed online. Just go to invest.realbluespruce.com, create your account and click the "Ready to Invest" button. After you sign the investment agreement you are able to fund your investment. You can initiate a wire transfer or mail a check to be deposited into our secure escrow account.

How do I get my invested capital back?

After BlueSpruce Holdings holds the property to collect rental income, the property can be sold for a profit or refinanced with long term debt. In the event the property is sold, you will receive the return of your invested capital plus the profits from the sale. If the property is refinanced, you will receive a return of your invested capital & still keep interest in the company.

What does it look like when the company sells the property?

First, the capital contributed by the investors is returned. After this capital is returned, then the profits will be shared between BlueSpruce Holdings and investors. This profit will be allocated according to the terms set forth in the Operating Agreement.



What if I want my invested capital back before the company sells the property or completes a refinance?

It is possible to sell your interest in the LLC in order to receive a return of your invested capital. In this scenario, either BlueSpruce Holdings can purchase your ownership, or we can assist in a match-making effort to find someone interested in purchasing your ownership. BlueSpruce Holdings needs to approve the sale and retains a first right of refusal to purchase your ownership should you decide to sell. In general, you cannot sell your ownership within 12 months from your initial investment date.

Does BlueSpruce Holdings own any of the capital contributed by investors?

No. Investors retain 100% ownership of the capital they contribute. Invested capital must be returned to investors when the property is sold or refinanced.

How long will the investment be?

We typically underwrite for a five year hold, but we aim to sell at the moment of maximum profitability. Therefore we cannot promise a specific sale period.

When are profits distributed to investors?

BlueSpruce Holdings disburses profit to investors quarterly. This means that you will receive profit from your investment deposited directly into your account during the months of January, April, July, & October.

Do investors share in any of the tax benefits of owning real estate?

Yes. The company will be writing off depreciation on the property and all other business expenses related to the operation of the rental properties. So the taxable income you make from this investment will be reduced by these tax benefits.



Who is in control of the partnership?

The operating & investment agreements describe the relationship between investor members and the manager. For the most part, the manager retains the right to make all decisions, however there are certain decisions that will be made through a vote of the investor members in order to reach a majority consensus.

Do the investors have any exposure to liability from the acts of the partnership?

No, the investors biggest risk is the loss of their investment capital. The partnership is facilitated by a limited liability entity & the manager is the responsible party for the acts of the company.

What does the “worst case” look like? What does a default look like?

In the worst case scenario, investors could lose some or all of their invested capital. The operating agreement details a relationship wherein the investors can vote-out BlueSpruce Holdings as manager of the LLC if BlueSpruce Holdings is not doing its job as Manager. While BlueSpruce Holdings can't imagine these scenarios occurring, it's important for our investors to know all of the risks associated with the investment. Please reference the Risks of Investing section of the Disclosure Document.

What is the IRR?

There are two returns that we provide projections for: the Cash on Cash Return (CCR) and the (IRR) the Internal Rate of Return. The CCR is the return based on the net income from the property each year. The IRR takes into account the rent income PLUS the profit from selling the property.

What is my security when I invest?

You are purchasing ownership in a company that owns real estate. You are secured by the legal rights afforded to you in the operating agreement of the company. This includes your legal right



to a share of the profits that the property generates, and also your legal right to a return of your invested capital when the property is sold. When the property is sold, it is the obligation of the company to return invested capital back to investors before any profits are split among members. We use an LLC to own the property for structure & liability reasons.

What type of tax documentation do investors get?

You will receive a Schedule K1 at the conclusion of each tax year. BlueSpruce Holdings intends to send this document to you by the end of February each year.

How is state income tax handled?

BlueSpruce Holdings pays state tax liability on behalf of all investors. If you pay state income tax where you live, then the state tax that is paid on your behalf is deductible in your state. We recommend you consult with your tax professional.

Can I invest using retirement funds?

Yes. One of the most popular way individuals invest using their retirement funds is by using a Self-Directed IRA. Many custodians exist and BlueSpruce Holdings works with all of them.

When I invest with my Self-Directed IRA, is the income subject to UBIT?

We recommend you consult directly with your tax professional. If a loan is being used to acquire the property, then UBIT will most-likely apply.

Does this investment qualify under a 1031 exchange of real estate?

No. Unfortunately, the structure of this investment does not qualify for 1031 exchanges of real property.



What type of insurance is held on the property?

While insurance policy specifics can change from one property to another, in general we carry a minimum of \$1,000,000 of general liability including hired and non-owned auto, \$1,000,000 of umbrella liability, full replacement special-form property coverage, 100% business income, ordinance or law, and equipment breakdown. Typical deductibles are \$5,000 to \$10,000.

If I chose to sell my ownership, how much can I sell it for?

BlueSpruce Holdings leaves it up to the seller of any ownership to set a sales price. BlueSpruce Holdings retains the first right of refusal to purchase any ownership that is offered for sale, and our company also retains the control to approve or deny any sale of ownership. The partnership takes on additional accounting and legal costs when a sale of ownership occurs so we ask the seller of such interest to cover these costs, which are typically \$300.