

ATTN: LOWELL BENNETT
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SUBSCRIPTION AGREEMENT

By executing and delivery of this Subscription Agreement, I hereby:

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A. Acknowledge receipt of the confidential Disclosure Document and the Private Placement Offering Memorandum for Arizona First Partners 3 LLC (the "Company").

B. Agree to be bound and abide by all the terms and conditions of the Operating Agreement and Articles of Organization of the Company.

C. Agree to purchase Company Membership Unit(s) for a cash price of Five Thousand Dollars and no/100 Dollars (\$5,000.00) per Unit upon the terms specified in the Operating Agreement or invest \$ 25,000.00 in Tenancy in Common interests ("Interests").

D. Agree to be bound and abide by all terms and conditions of the Tenants in Common Agreement and Property Management Agreement, if such agreements are executed by Company.

I hereby represent and warrant that:

1. I am an Accredited Investor. An "Accredited Investor" is: If a natural person, a person that has a net worth, inclusive of home, home furnishings and personal automobiles of \$1,000,000 or more; or (ii) individual income of \$200,000 or more; or joint income with his spouse of \$300,000 or more in each of the two most recent years with the reasonable expectation of individual income in excess of that amount in the current year. If not a natural person, one of the following: (i) a corporation, a non-profit organization described in section 501(c)(3) of the Code, a Massachusetts or similar business trust, or a partnership, nor formed for the purpose of acquiring the Units offered hereby, with total assets in excess of \$5,000,000; (ii) a trust, with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Units offered hereby whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Units; (iii) a broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended; (iv) an investment company registered under the Investment Company Act of 1940 (the "Investment Company Act"); (v) a business development company (as defined in section 2(a)(48) of the Investment Company Act); (vi) a Small Business Investment Company licensed by the Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; (vii) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), if the investment decision is made by a plan fiduciary (as defined in section 3(21) of ERISA) which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are accredited investors (as defined in Rule 501 of Regulation D under the Act); (viii) a private business development company (as defined in section 202(a)(22) of the Investment Advisers Act of 1940); or (ix) an entity in which all of the equity owners are accredited investors. In the case of fiduciary accounts, the net worth and/or income suitability requirements must be met by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Units.

2. I have been urged by the Manager to receive independent outside investment counseling from my CPA, attorney or other investment counsel ("Representative"). I or my Representative have had a sufficient period of time to review the Private Offering Memorandum, and I am relying solely on my independent investigation and/or on the advice of my Representative and, in addition I have been extended the opportunity of reviewing additional documents which may be supplemental to or explanatory of the aforementioned documents in order to verify the accuracy of the information obtained herein. Further, I have had the opportunity to meet at my convenience with the Manager and its principals in order to discuss this investment with them.

3. I understand the nonmarketability and risk herein of the investment and the lack of liquidity and the lack of assurance of the tax consequences of the investment.

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4. I understand that my entire capital contribution or Tenancy in Common investment is due upon subscription to the Company.

5. I understand that I am not investing for the purpose of receiving income or profits on a periodic basis, and in any event on an annual basis any distribution of Company profits. I am purchasing these Units or Interests because I share the investment objectives of the Manager as outlined in the Private Placement Offering Memorandum.

6. I am purchasing for my own account (or in a fiduciary capacity for the account and benefit of a person or entity) and not on the account of any other person for purposes of long-term investment for an indefinite period without any present intention or desire for reselling, giving or assigning my interest in the Company or the Interests or any portion thereof, including the beneficial interest.

7. I have sufficient knowledge and experience in financial business matters and investment. I have utilized the information in the Offering Memorandum and Operating Agreement or, if applicable, Tenancy in Common Agreement and Property Management in order to evaluate the risks and merits of the proposed investment and to make an informed investment decision, and I can bear the economic risk of the investments.

8. I understand that the Manager may at any time prior to accepting my subscription refund and pay back to me my entire contribution for Units or the Interests, and it will be up to me and/or my Representative to convince the Manager that I have the requisite financial ability, personal or business relationship with the Manager and/or financial capabilities to purchase some of the Units or Interests being offered and to bear a total risk of loss should it occur.

9. I understand that the Manager will be relying upon the accuracy and completeness of my responses to the attached questionnaire and I represent and warrant to the Manager as follows:

(a) The answers to the questions in the attached questionnaire are complete and correct and may be relied upon by the Manager and the Company in determining whether the offering in which I propose to participate is exempt from registration under the Securities Act of 1933, and from qualification under applicable state securities laws; and

(b) I will notify the Manager immediately of any material change in any answer given occurring prior to the closing of any purchase by me of a Unit or Interest.

10. I hereby grant to the Manager, a special power of attorney as follows:

(a) I hereby appoint the Manager as my attorney in fact with power and authority to act in my name and on my behalf to execute, acknowledge and swear to in the execution, acknowledgment and filing of documents in connection with the business of the Company which shall include, by way of illustration, but not of limitation, the following:

(i) The Operating Agreement, any separate Articles of Organization, as well as any amendments to the foregoing which, under the laws of the State of Arizona or the laws of any other state, are required to be filed or which the Manager deems to be advisable to file;

(ii) Any other instrument or document which may be required to be filed by the Company under the laws of any state or by any government agency or which the Manager deems advisable to file; and

(iii) Any instrument or document which may be required to effect the continuation of the Company, the admission of an additional or substituted Member or the dissolution and termination of the Company (provided such continuation, admission or dissolution and termination are in accordance with the terms of the Operating Agreement), or to reflect any reduction in amount of contributions of Members.

(b) The power of attorney is a special power of attorney coupled with an interest, is irrevocable, shall survive my death and is limited to those matters herein set forth. ③

(c) The power of attorney may be exercised by the Manager, acting alone, for each Member, by a facsimile signature of the Manager, or by listing all of the Members, executing any instrument with a single signature of the Manager acting as an attorney-in-fact for all of them.

(d) The power of attorney shall survive an assignment by me of all or a portion of my Units except that, where any assignee of the Units owned by me has been approved by the Manager for admission to the Company as a substituted Member, the special power of attorney shall survive such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any instrument or document necessary to effect such substitution.

11. I understand that the Units or Interests have not been registered under the Securities Act of 1933, as amended (the "Act"), and are being sold pursuant to the exemption provided by Section 4 (2) of that Act relating to private offerings and Regulation D of the Securities and Exchange Commission promulgated thereunder. I agree that my interest in the Company shall not be sold or otherwise transferred contrary to this Subscription Agreement, or the Company Agreement, or any applicable law and that I have purchased the Units or Interests for investment purposes and not with the intent to redistribute. I further understand that:

(a) A legend will be placed on any certificate or document evidencing my Interests stating that the Interests have not been registered under the Act and that the legend will read as follows:

This security has not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), in reliance upon the exemption from registration provided in Section 4(2) and Regulation D under the Act. As such, the purchase of this Security was necessarily with the intent of investment and not with a view for distribution. Therefore, any subsequent transfer of this security or any interest therein will be unlawful unless it is registered under the Act or unless an exemption from registration is available. Furthermore, it is unlawful to consummate a sale or transfer of this security or any interest therein, without the opinion of counsel acceptable to the Manager that the proposed transfer or sale does not affect the exemptions relied upon by the Company in originally distributing this security."

(b) A notation in the appropriate records of the Company will be made with respect to any restrictions on transfer of Units or Interests.

(c) I further understand that transfer of Units is subject to additional limitations set forth in the Operating Agreement and in the Private Offering Memorandum. And the transfer of Interests is subject to the limitations set forth in the Tenancy in Common Agreement.

12. I have relied solely upon the Private Offering Memorandum and the independent investigations made by me or my representative with respect to the Units or Interests subscribed for herein and no oral or written representation beyond the Private Offering Memorandum has been made to me. I further agree to be bound by the terms contained in the Private Offering Memorandum and the Arizona First Partners 2, LLC Operating Agreement or the Tenancy in Common and Property Management Agreement.

13. I have relied on my own tax advisors in determining that the Interests constituted real property for purposes of the Internal Revenue Code and have not relied on any assurance or statement of the Manager or the Company that my purchase of Interests constitutes qualified replacement property for purposes of Code Section 1031.

My/Our Units or Interests are to be owned and should be registered as follows:

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Exact Manner of Registration (In addition, if applicable, please check one of (a) through (g) below)

- ☐ (a) Husband and Wife, as community property
☐ (b) Joint Tenants
☐ (c) Tenants in Common
☒ (d) A Married (Man) (Woman) as (his) (her) separate property
☐ (e) Corporation
☐ (f) Trust
☐ (g) Other _____

Explain

I declare under penalty of perjury that the foregoing is true and correct.

Dated: 7-19-06, 2006, at _____

Number of Units Purchased @ \$ _____ Per Unit: _____ Total Dollar Investment: \$ 25,000.00

Number of Interests Purchased \$ _____ Total Dollar Investment: \$ _____

PAUL PHELPS
Name/Title, if any (Please Print)

Signed Pl. Ph.

