

Cane, Kyleen

From: Cane, Kyleen
Sent: Friday, May 05, 2006 12:13 PM
To: Clark, Bryan
Cc: janwallace@att.net
Subject: SDI – joint venture agreement

Ok, here is something new for you –

Our client SDI is setting up a joint venture with two individuals – Mark Henry and Jay Kister. The business will be called “Secured Lending, LLC”. They have done a name reservation in AZ, so we still need to incorporate it, and should do so in AZ. Mark, Jay and SDI are the three members and we will need to produce an operating agreement for this company. In brief:

1. Profits and liabilities will be split 1/3 each (other than as provided below)
2. Contributions. Mark Henry will purchase \$250k of SDI stock or provide it a loan (not clear yet) and SDI will put these funds into the LLC to be held as a minimum balance so that developers can bring the office loans (min requirement). This money will probably be contributed by SDI as a loan in some form (note most likely). This probably needs to be in a separate arrangement than the operating agreement. Jay Kister will act as interim president and provide his services for the first six months without charge. SDI will provide personnel for the first six months needed for the start up, again without cost to the LLC. SDI will also provide its common stock for incentive/compensation to employees of the LLC, and will cover any short fall in operating expenses for the first six months (not sure if this is loan or contribution for interest – see Jan).
3. Special provisions – if Mark Henry brings in additional loans he will get an additional percentage of the LLC. This is undetermined at this time and needs to be fleshed out with Jan and Mark.

The Purpose of the business is to make Mortgage loans.

Call Jan with any questions. Thanks, Ky

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Return-Path: <kcane@canecclark.com>
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