jan wallace

From:	jan wallace
Sent:	Wednesday, May 10, 2006 7:30 PM
To:	'airplanesrus@hotmail.com'
Cc:	'jay@ilendservices.com'
Subject:	FW: SDI – joint venture agreement
Attachments:	Articles - Secured Lending LLC.pdf; Secured Lending LLC - extra articles.doc; Secured Lending LLC - Operating Agreement - draft - 6-0510 v.1.doc

Working copy, please contribute

jan

From: Clark, Bryan [mailto:bclark@caneclark.com]
Sent: Wednesday, May 10, 2006 8:12 AM
To: janwallace@att.net
Cc: Cane, Kyleen
Subject: RE: SDI – joint venture agreement

Jan:

As promised, attached please find draft articles and a draft operating agreement for Secured Lending LLC in time for your meeting this morning. I am still working on the subscription agreements, the initial board of managers' resolutions, and the additional miscellaneous docs which will collectively implement several of the specifics we discussed Monday, in particular:

1. Mark Henry's purchase of a convertible promissory note to be issued by SDI;

a. Bearing interest at 8%;

b. Term of 2 years;

c. Convertible to SDI common at the average high trading price of SDI in preceding 21 trading days;

2. Capital contributions by members (subject to forfeiture for non-performance)

a. SDI will contribute

i. a loan of $250k (terms?);

ii. a second loan as necessary to cover operating losses for the first 6 mos. (capped at _______?);

iii. options against SDI common stock in a quantity sufficient to compensate LLC employees for what would otherwise earn as commissions on brokerage transactions (capped at __________?) – Also, we are looking at issue of whether such options will be "qualified" under tax code.

b. Jay Kister will contribute services consisting of not less than 3 days per week in LLC office in AZ for the first 6 mos. (thereafter?)

c. Mark Henry will contribute services contemplated to be business generation as measured by the managers. (perhaps we create an additional number of units to leave in treasury for now but with which the managers can compensate Henry for exceptional performance?)

I am giving you the draft operating agreement and the draft articles so that you and your potential partners can begin the review process this morning. You should also provide the draft operating agreement to your tax advisers for their review of the tax provisions to assure that the agreement accomplishes the intended tax effects and does not contain any provisions that will result in unintended tax consequences. Partnership taxation is exceptionally complicated and we claim no expertise in this realm.

I look forward to your comments on the attached drafts.

From: Cane, Kyleen
Sent: Friday, May 05, 2006 9:14 AM
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

Kyleen Elisabeth Cane
Cane Clark, LLP
3273 E. Warm Springs
Las Vegas, NV 89120
(702) 312-6255 (Office)
(703) 944-7100 (Fax)
www.CaneClark.com

Full Message Headers

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Status: RO
From: "jan wallace" <janwallace@att.net>
Subject: FW: SDI -- joint venture agreement
To: 'airplanesrus@hotmail.com'
Cc: 'jay@ilendservices.com'
Date: Wed, 10 May 2006 23:30:39 +0000
MIME-Version: 1.0
Content-Type: multipart/mixed;
    boundary="--boundary-LibPST-iamunique-1600740277_-_-"
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DEAN HELLER
Secretary of State
206 North Carson Street
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Articles Of Organization Limited-Liability Company

(PURSUANT TO NRS 86)

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Limited-Liability Company

SECURED LENDING LLC

Check box if a Series Limited-Liability Company ☒

2. Resident Agent Name and Street Address: *(must be a Nevada address where process may be served)*

Name			
Cane Clark LLP			
Physical Street Address	**City**		**Zip Code**
3273 E Warm Springs Rd	Las Vegas	NEVADA	89120
Additional Mailing Address	**City**	**State**	**Zip Code**

3. Dissolution Date: *(OPTIONAL-see instructions)*

Latest date upon which the company is to dissolve (if existence is not perpetual):

4. Management: *(check one)*

Company shall be managed by ☒ Manager(s) **OR** ☐ Members

5. Names Addresses, of Manager(s) or Members: *(attach additional pages as necessary)*

Name / Address	City	State	Zip Code
Name: SECURED DIVERSIFIED INVESTMENT, LTD.			
Address: 5205 EAST LINCOLN DRIVE	PARADISE VALLEY	AZ	85253
Name:			
Address:			
Name:			
Address:			

6. Names, Addresses and Signatures of Organizers *(if more than one organizer attach additional page)*

Name	Signature		
Bryan R. Clark			
Address	**City**	**State**	**Zip Code**
3273 E Warm Springs Rd	Las Vegas	NV	89120

7. Certificate of Acceptance of Appointment of Resident Agent:

I hereby accept appointment as Resident Agent for the above named limited-liability company.

Authorized Signature of R.A. or On Behalf of R.A. Company   Date May 9, 2006

This form must be accompanied by appropriate fees.

Reset

ARTICLES OF ORGANIZATION
OF
SECURED LENDING LLC

The undersigned, for the purpose of forming a limited liability company under Chapter 86 of the Nevada Revised Statutes, hereby makes, adopts and acknowledges the following Articles of Organization.

ARTICLE I
NAME OF LIMITED LIABILITY COMPANY

The name of the limited liability company is SECURED LENDING LLC (the "Company").

ARTICLE II
PERIOD OF DURATION

The Company shall commence its existence on the date these Articles of Organization are filed with the Nevada Secretary of State. The term for which the Company is to exist shall be perpetual. The Company shall not dissolve except on such terms and conditions as shall be set forth in the Operating Agreement, as the same shall be modified from time to time.

ARTICLE III
PURPOSES AND POWERS

The Company is organized for any legal and lawful purpose for which a limited liability company may be organized in the State of Nevada. The Company shall have all the powers granted to a limited liability company under the laws of the State of Nevada.

ARTICLE IV
REGISTERED OFFICE AND AGENT

The name and address of the Company's initial Resident Agent in Nevada is:

CANE CLARK LLP
3273 E. Warm Springs Rd
Las Vegas, NV 89120

This same address shall be the address of the Company's initial Registered Office and the address of the Office where the Company's records will be maintained as required by NRS §86.241. The Resident Agent and the Resident Office may be changed by the manager(s) as provided in the Operating Agreement, as the same shall be modified from time to time.

ARTICLE V
OPERATING AGREEMENT

The Operating Agreement of the Company shall be executed by each member of the Company and shall set forth all provisions for the affairs of the Company and the conduct of its business to the extent that such provisions are not inconsistent with the law or these articles. The Operating Agreement may be amended from time to time in accordance with its provisions.

ARTICLE VI
ADDITIONAL MEMBERS

Additional members shall be admitted to the Company as provided in the Operating Agreement of the Company, as the same shall be modified from time to time.

ARTICLE VII
ORGANIZER

The name and address of the Organizer executing these Articles is as follows:

Bryan R. Clark
3273 E. Warm Springs Rd
Las Vegas, NV 89120

ARTICLE VIII
MANAGEMENT OF COMPANY

The Company shall be managed by a Manager or Managers selected by the Members in accordance with an Operating Agreement adopted by the Members for the management of the business and affairs of the Company, as the same shall be modified from time to time. The Operating Agreement may contain any provision for the management of the affairs of the Company not inconsistent with applicable law or these Articles of Organization. The name and address of the initial manager(s) of the Company who shall serve until the first annual meeting of members or until his successors are elected and qualified is as follows:

SECURED DIVERSIFIED INVESTMENT, LTD.
5205 EAST LINCOLN DRIVE
PARADISE VALLEY, AZ 85253

ARTICLE IX
MEMBERS

Except when these Articles of Organization or applicable law otherwise require, the right of any member to vote shall be as provided in the Operating Agreement of the Company, as the same shall be modified from time to time. No member who is not also a Manager shall have the right to contract debts or incur liability on behalf of the Company.

ARTICLE X
LIABILITIES OF MEMBERS AND MANAGERS

Members, managers and officers of the Company are not liable under a judgment, decree, order of any court or in any other manner, for a debt, obligation, or liability of the Company.

ARTICLE XI
INDEMNIFICATION

The Company shall indemnify an individual made a party to a proceeding because he is or was an organizer, manager, officer, employee or agent of the Company or any Manager against liability incurred in the proceeding if: he conducted himself in good faith; he reasonably believed that his conduct was in or at least not opposed to the Company's best interest; and in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. The Company shall pay for or reimburse the reasonable expenses incurred by an organizer, manager, officer, employee or agent of the Company who is a party to a proceeding in advance of final disposition of the proceeding if: the individual furnishes the Company with a written affirmation of his good faith belief that he has met the standard of conduct described herein; the individual furnishes the Company with a written undertaking executed personally or on his behalf to repay the advance if it is ultimately determined that he did not meet the standard of conduct; and a determination is made that the facts then known to those making the determination would not preclude indemnification under the law. The indemnification and advance of expenses authorized herein shall not be exclusive to any other rights to which any manager; officer, employee or agent may be entitled under any bylaw, agreement, vote of members or disinterested managers or otherwise. The Articles of Organization shall not be interpreted to limit in any manner the indemnification or right to advancement for expenses of an individual who would otherwise be entitled thereto. These Articles of Organization shall be interpreted as mandating indemnification and advancement of expenses to the extent permitted by law.

ARTICLE XII
SERIES LIMITED LIABILITY COMPANY

The Company shall have more than one series of members and the debts and liability of any series are to be enforceable against the assets of that series only and not against the assets of another series or the Company generally. The relative rights, powers and duties of each series shall be established according to the procedures as set forth in the Operating Agreement, as the same shall be modified from time to time.

IN WITNESS WHEREOF, the undersigned Organizer has executed these Articles of Organization on May 9, 2006.

-
____
Bryan R. Clark

OPERATING AGREEMENT
OF
SECURED LENDING LLC

This Operating Agreement of SECURED LENDING LLC, a Nevada limited liability company (the "Company"), is made and entered into this ____ day of May, 2006 (the "Effective Date"), by and among undersigned member(s) (hereinafter collectively referred to as the "Members" and singly as a "Member"), who hereby agree that the management and affairs of the Company shall be conducted as follows:

ARTICLE 1. DEFINITIONS.

Capitalized words and phrases used in this Agreement, not defined elsewhere in this Agreement, have the following meanings:

Section 1.1 **"Act"** means the Nevada Limited Liability Company Act as set forth in Chapter 86 of the Nevada Revised Statutes, as amended from time to time (or any corresponding provision of succeeding law).

Section 1.2 **"Accredited Investor"** has the same meaning as the term "accredited investor" as set forth in 17 CFR sec. 230.501 et seq.

Section 1.3 **"Affiliate "** means any member of the immediate family of a Member or any person, firm or entity which controls or is controlled by any Member, or is controlled by the same persons, firms or entities which shall then control a Member in a relationship of joint venture, company or other form of business association or any entity created or operated for the benefit of any said person, firm or entity. In this definition, the term "control" shall include the ownership of ten percent (10%) or more of the beneficial interest in the firm or entity referred to. As used herein, the term "immediate family" shall mean the spouse, ancestors, lineal descendants, brothers and sisters of the person in question.

Section 1.4 **"Agreement" or "Operating Agreement"** means this Operating Agreement of the Company, as amended from time to time. Words such as "herein," "hereinafter, "hereof," "hereto" and "hereunder" refer to this Agreement as a whole, unless the context otherwise requires.

Section 1.5 **"Articles"** means the Articles of Organization of the Company filed with the Secretary of the State of Nevada, as they may be amended from time to time, a copy of which are attached hereto as Exhibit A.

Section 1.6 **"Assumption Agreement "** means any agreement among the Company, any of the Members and any Person to whom the Company is indebted pursuant to a loan agreement, any seller financing with respect to any installment sale, a reimbursement agreement, or any other arrangement (collectively referred to as a "loan" for purposes of this Agreement) pursuant to which any Member expressly assumes any personal liability with respect to such loan. The amount of any such loan shall be treated as assumed by the Members for all purposes under this Agreement in the proportions set forth in such Assumption Agreement and their respective amounts so assumed shall be credited to their respective Capital Accounts pursuant to 1.8 (a) hereof. To the extent such loan is repaid by the Company, the Members' Capital Accounts shall be debited with their respective shares of the repayments pursuant to Section 1.8 (b) hereof. To the extent such loan is repaid by some or all of the Members from their own funds, there shall be no adjustments to their Capital Accounts.

Section 1.7 **"Buy-Sell Event"** has the meaning set forth in Section 13.1 hereof.

Section 1.8 **"Capital Account"** means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 5.2 or Section 5.3 hereof, and the amount of any Company liabilities assumed by such Person or which are secured by any property distributed to such Person.

b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 5.2 or Section 5.3 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

c) In the event all or a portion of an Interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest.

d) In determining the amount of any liability for purposes of Section 1.8 (b) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-l(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Managers shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or Members) are computed in order to comply with such Regulations, the Managers may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article 14 hereof upon the dissolution of the Company. The Managers also shall make any appropriate modifications in the event unanticipated events (for example, the acquisition by the Company of oil or gas properties) might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

Section 1.9 **"Capital Contributions"** means, with respect to any Member, the amount of money and the initial Gross Asset Value of any asset or property (other than money) contributed to the Company with respect to the Interest in the Company held by such Member.

Section 1.12 **"Code"** means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

Section 1.13 **"Company"** means SECURED LENDING LLC, a Nevada limited liability company.

Section 1.14 **"Company Minimum Gain"** has the same meaning as the term "minimum gain" as set forth in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations as such term applies to partnerships.

Section 1.15 **"Depreciation"** means, for each fiscal year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managers.

Section 1.16 **"Gross Asset Value"** means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Manager, provided that if the contributing Member is a Manager, the determination of fair market value shall be by appraisal;

b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Managers, as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an Interest in the Company if the Member so elects; and (iii) the liquidation of the Company within the meaning or Regulations Section 1.704-1(b) (2 (ii) (g);

c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and

d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b) (2) (iv) (m) and Section 5.2(g) hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this sub-Section (d) to the extent the Managers determine that an adjustment pursuant to sub-Section (b) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this sub-Section (d),

If the Gross Asset Value of an asset has been determined or adjusted pursuant to sub-Sections (a), (b) or (d), hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

Section 1.17 "Interest" means an ownership interest in the Company of a Member in the form of Membership Interest Units as defined in herein, unless otherwise modified by this Agreement, including any and all benefits to which the holder of such an Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

Section 1.18 "Manager" or "Managers" means the initial Managers designated in the Articles and upon execution of this Agreement and all successor Managers as elected by the Members pursuant to Section 7.5 of this Agreement to manage the Company.

Section 1.19 "Majority in Interest" means a majority of the issued and outstanding Membership Interest Units.

Section 1.20 "Member" or "Members" means any Person who (i) is referred to as such in the first paragraph of this Agreement or who has become a Member pursuant to the terms of this Agreement, and (ii) has not ceased to be a Member pursuant to the terms of this Agreement. "Members" means all such Persons.

Section 1.21 "Member Nonrecourse Debt" has the meaning set forth in Section 1.704-2(b) (4) of the Regulations as it applies to partners.

Section 1.22 "Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Regulations.

Section 1.23 "Member Nonrecourse Deductions" means any Company deductions that would be nonrecourse deductions if they were not attributable to a loan made or guaranteed by a Member within the meaning of Regulations Sections 1.704-2(i).

Section 1.24 "Membership Interest Unit" or **"Unit"** means a unit of Interest in the Company as further described in Section 4.1 hereinafter.

Section 1.25 "Net Cash From Operations" means the gross cash proceeds from Company operations, in the normal course of the Company's business, less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, loans including capital improvements, replacements and contingencies, all as determined by the Managers. "Net Cash From Operations" shall not be reduced by depreciation, amortization, cost recovery deductions or similar allowances.

Section 1.26 "Net Cash from Sales or Refinancing" means the net cash proceeds from all sales and other dispositions and all refinancing of the Property or the Project or other sales or dispositions not in the Company's ordinary course of business, less any portion thereof used to establish reserves all as determined by the Managers. "Net Cash From Sales or Refinancing" shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with sales and other dispositions of Company property, not in the ordinary course of the business of the Company.

Section 1.27 "Nonrecourse Deductions" has the meaning set forth in Section 1.704-2 (b)(1) of the Regulations.

Section 1.28 "Percentage Interest" means, with respect to any Member, the percentage of issued and outstanding Membership Interest Units held by each Member set forth opposite each Member's name on Exhibit B attached hereto. In the event any Member's Interest is transferred in accordance with the provisions of this Agreement, the transferee of such Interest shall succeed to the Percentage Interest of his transferor to the extent it relates to the transferred Interest.

Section 1.29 "Persons" means any individual, company, corporation, limited liability company, partnership, trust or other entity.

Section 1.30 "Prime Rate" means the base rate on corporate loans posted by at least 75.0% of the nation's 30 largest banks as reported in the Wall Street Journal "Money Rates" column.

Section 1.31 "Profits" and "Losses" means, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

a) Income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be added to such taxable income or loss;

b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) , and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be subtracted from such taxable income or loss;

c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to Section 1.16 (b) or Section 1.16 (c) hereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

d) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

e) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with Section 1.15 hereof, and

f) Notwithstanding any other provision of this Section 1.36, any items which are specially allocated pursuant to Section 5.2 or Section 5.3 hereof shall not be taken into account in computing Profits or Losses.

Section 1.32 "<u>Regulations</u>" means the Income Tax Regulations promulgated by the Treasury Department under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

Section 1.33 "<u>Securities Act</u>" means the Securities Act of 1933, as amended.

Section 1.34 "<u>SEC</u>" means the Securities and Exchange Commission.

Section 1.35 "<u>Series</u>" means one or more separate series of members' interests in the Company within the meaning of the Act, each of which series of members' interests has separate rights, powers or duties with respect to property, obligations, or profits and losses associated with property or obligations, as more particularly set forth in a resolution of the Manager adopted pursuant to the provisions of this Agreement.

Section 1.36 "<u>Tax Matters Member" or "TMM</u>" means the Member designated in Section 9.7, or any successor thereto.

Section 1.37 "<u>Transfer</u>" means, as a noun, any voluntary or involuntary transfer, sale, pledge, hypothecation, assignment or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, pledge, hypothecate, assign or otherwise dispose of.

Section 1.38 **"<u>Unreturned Capital Contribution</u>"** means that portion of a Member's initial Capital Contribution not yet returned to the Member by the Company in the form of subsequent distributions of cash or property.

ARTICLE 2. <u>THE COMPANY</u>

Section 2.1 **<u>Formation</u>.** The Members hereby agree to organize or have organized the Company as a limited liability company pursuant to the provisions of the Act.

Section 2.2 **<u>Name</u>.** The name of the Company is **SECURED LENDING LLC**.

Section 2.3 **<u>Nature and Conduct of Business</u>**. The purposes of the Company are (1) to own and operate a mortgage broker business; (2) to incur indebtedness, secured or unsecured, for any purpose of the Company, (3) to engage in any other activities that are necessary or incidental to the foregoing purposes or that may be necessary or appropriate to protect or enhance the assets of the Company, and (4) any other lawful purpose.

Section 2.4 **<u>Office for Maintenance of Records</u>**. The address of the office in the State of Nevada where the Company shall maintain its records as required by NRS 86.241 shall be 3273 E. Warm Springs Road, Las Vegas, NV 89120. The Managers may change the address of this office. The Company shall keep at this address the following:

a) A current list in alphabetical order of the full name and last known business address of each Member;

b) A copy of the filed articles of organization and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any document has been executed;

c) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;

d) Copies of any then effective written operating agreement and of any financial statements of the Company for the three most recent years; and

e) Unless contained in the articles of organization, a writing setting out:

    (1) The amount of cash and a description and statement of the agreed value of the other property or services contributed by each Member and which each Member has agreed to contribute;

    (2) The times at which or events on the happening of which any additional contributions agreed to be made by each Member are to be made;

(3) Any right of a Member to receive, or of the Members to make, distributions to a Member which include a return of all or any part of the Member's Capital Contributions; and

(4) Any events upon the happening of which the Company is to be dissolved and its affairs wound up.

Records kept pursuant to this Section are subject to inspection and copying at the reasonable request, and at the expense, of any Member during ordinary business hours.

Section 2.5 Fictitious Name Certificate. Upon the execution of this Agreement, and upon any change in the parties or the principal place of business of the Company, the Members shall execute, acknowledge and cause to be filed with the appropriate governmental authorities as necessary or required, a fictitious name certificate setting forth the name and residence of each Member as required by law. In addition, the Company shall comply with any other applicable law regarding the filing and notice or use of a fictitious name or formation of a Company in any jurisdiction in which the Company may do business.

Section 2.6 Title to Property. No real or personal property of the Company shall be deemed owned by the Members individually, but shall be owned and title shall be vested solely in the Company's name.

Section 2.7 Term. The term of the Company shall commence on the date the articles of organization described in Section 86.161 of the Act (the "Articles") are filed in the Office of the Secretary of State of the State of Nevada in accordance with the Act and shall have perpetual existence or until the winding up and liquidation of the Company and its business is completed following a Liquidating Event, as provided in Article 14 hereof. Prior to the time that the Articles are filed, no person shall represent to third parties the existence of the Company or hold himself out as a Member.

Section 2.8 Filings: Registered Office and Agent for Service of Process.

a) Articles of Organization (the "Articles") have been or will be filed in the Office of the Secretary of State of the State of Nevada in accordance with the provisions of the Act. The Managers and the Members shall take any and all other actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the laws of the State of Nevada. The Managers or Members shall cause amendments to the Articles to be filed whenever required by the Act.

b) The registered office of the Company in the State of Nevada is 3273 E. Warm Springs Road, Las Vegas, NV 89120. The Company's agent for service of process in the State of Nevada is Cane Clark, LLP, whose physical and mailing address is the registered office of the Company in the State of Nevada.

Section 2.9 **Independent Activities**. Each Member may, notwithstanding this Agreement, engage in whatever activities they choose, whether the same are competitive with the Company or otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any Member. Neither this Agreement, nor any activity undertaken pursuant hereto shall prevent any Member from engaging in such activities, or require any Member to permit the Company or any Member to participate in any such activities, and as a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes and renounces any such right or claim of participation.

ARTICLE 3. PRIMARY BUSINESS ACTIVITIES

Section 3.1 **Development of Business.** As Company resources permit, the Managers shall use commercially reasonable efforts to develop its mortgage broker business for the benefit of the Company as determined by the Managers to be in the best interests of the Company. The Managers may also cause the Company to enter into any other business venture that the Mangers deem advisable and potentially advantageous to the Company.

Section 3.2 **Accounting.** The Managers shall maintain books and records. Such accounting records shall be in accordance with accepted industry standards and shall be consistently applied.

Section 3.3 **Reimbursement of Company Expenses**. Except as otherwise provided herein, the Company shall be responsible for paying all direct costs and expenses of operating the Company including without limitation, financing fees, compensation of supervisory and support personnel, debt service, insurance premiums, taxes, costs for bookkeeping and accounting, legal expenses, office supplies, and all other fees, costs and expenses directly attributable to the operation of the Company. No Members or their Affiliates, other than the Managers, are authorized to pay or incur expenses on behalf of the Company or to be reimbursed for such expenses by the Company without prior written authorization from the Managers. In the event any such costs and expenses are or have been paid by the Managers or Members or their Affiliates on behalf of the Company, then except as expressly provided herein to the contrary, the Managers, the Members and their Affiliates shall be entitled to be reimbursed at cost for such payment or expense as long as such payment is reasonably necessary for Company business and is reasonable in amount.

ARTICLE 4. MEMBERSHIP INTERESTS AND CAPITAL CONTRIBUTIONS.

Section 4.1. **Description of Membership Interests.** The interest of each member in the capital and profits of the Company will be in the form of units of membership interests ("Membership Interest Units" or "Units"), which may be evidenced by certificates issued in the name of each member denominating the number of Units held by each member ("Membership Certificates") upon payment of such Member’s required capital contribution. The Company is authorized to issue a total of Nine Thousand (9,000) Units.

Section 4.2 **Capital Contributions**. The capital contributions and the number of Units held by each Member is reflected on Exhibit B attached hereto. The capital contributions shall be credited to the Members' respective capital accounts as they are received and shall be applied to accomplish the purposes set forth in this Agreement. Exhibit B may be revised from time to time as additional authorized Units are issued to new Members. The Members acknowledge that they are aware that the Company is authorized to issue 9,000 Units, that all of the authorized Units may or may not be issued and outstanding at the time their Units are purchased, and that their Percentage Interest in the Company may be diluted by subsequent issuances of authorized Units.

Section 4.3 **Additional Capital Contributions**. No Member shall be required or authorized to contribute additional capital to the Company in excess of the amounts initially contributed, except as the Members shall from time to time agree by the unanimous vote of all Members. Any Member may purchase additional available Units of the Company when such are offered for sale by the Company in accordance with the provisions of Article 4.

Section 4.4 **Default on Capital Contributions.** The Members acknowledge and agree that any failure to make any Capital Contributions when due under their Subscription Agreements shall constitute a material breach of this Agreement, and the Company and the other Member(s) may pursue their remedies at law for such breach of this Agreement, including without limitation, the commencement of an action to collect from the defaulting Member by legal process the entire amount of its unmade Capital Contributions (including those amounts not currently in default), the commencement of an action for any damages sustained by the Company or the other Member(s) as a result of such breach, together with reasonable attorneys' fees and court costs.

Section 4.5 **Return of Capital Contributions.** Except as otherwise provided in this Agreement, no Member shall withdraw any Capital Contributions without the consent of the Managers. Under circumstances requiring a return of any Capital Contributions, no Member shall have the right to receive property other than cash except as may be specifically provided herein.

Section 4.6 **No Salary or Drawing on Capital Accounts.** Except as otherwise provided in this Agreement, no Member shall receive any salary or drawing with respect to his Capital Contributions or his Capital Account or for services rendered on behalf of the Company or otherwise in his capacity as a Member.

Section 4.7 **Liability of Members and Managers.** Except as otherwise provided by the Act or by an Assumption Agreement, no Member shall be liable under a judgment, decree, or order of a Court for a debt or obligation of the Company. Except as otherwise provided in this Agreement, any other agreements among the Members, or applicable state law, a Member shall be liable only to make his Capital Contributions and shall not be required to lend any funds to the Company or, after his Capital Contribution has been paid, to make any additional contributions to the Company.

Section 4.8 **<u>Creation of Series of Membership Interests in Company</u>.** The Articles of Organization for the Company provide as follows:

> The Company shall have more than one series of members and the debts and liability of any series are to be enforceable against the assets of that series only and not against the assets of another series or the Company generally. The relative rights, powers and duties of each series shall be establish according to the procedures as set forth in the Operating Agreement, as the same shall be modified from time to time.

The Managers are hereby vested with the power to create by resolution one or more series of membership interests, each series to be appropriately designated by a distinguishing letter or title, prior to the issuance of any portion thereof. Upon creation, the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular series are enforceable against the assets of that series only, and not against the assets of the Company generally or any other series. The assets of each series created shall be held separately from the assets of any other series and from those of the Company generally. The Managersshall keep separate and distinct books of account and records for each series created, which books of account and records shall also be separate and distinct from those of the Company generally. The relative rights, powers and duties of any series created shall hereinafter be prescribed by resolution of the Manager as follows:

a) <u>Designation</u>. The Manager is hereby vested with the authority from time to time to provide by resolution for the issuance of membership interests of in one or more series distinct from the membership interests of the Company generally as provided for and defined by the terms of this Operating Agreement, and to prescribe with respect to each such series so created the voting powers, if any, designations, preferences, and relative, participating, optional, or other special rights, and the qualifications, limitations, or restrictions relating thereto, including, without limiting the generality of the foregoing: the voting rights relating to the membership interests of any series (which voting rights, if any, may be full or limited, may vary over time, and may be applicable generally or only upon any stated fact or event); the management of each series, the compensation of such management, and the mechanism by which such management or management compensation may be changed; the rights, if any, of holders of interests in any series, to dividends (which may be cumulative or noncumulative) including the timing of, any condition of, or preference to any such distribution; the circumstances in which the series may or must be liquidated, dissolved or otherwise wound up; the rights of holders of interests in any series in the event of liquidation, dissolution, or winding up of the affairs of the series; the rights, if any, of holders of interests in any series to convert or exchange such interest in any series for shares of any other series or in the Company generally or for any other securities, property, or assets of the series (including the determination of the price or prices or the rate or rates applicable to such rights to convert or exchange and the adjustment thereof, the time or times during which the right to convert or exchange shall be applicable, and the time or times during which a particular price or rate shall be applicable); whether the interests in any series shall be subject to redemption by the Company and if subject to redemption, the times, prices, rates, adjustments and other terms and conditions of such redemption. The powers, designations, preferences, limitations, restrictions and relative rights may be made dependent upon any fact or event which may be ascertained outside the resolution if the manner in which the fact or event may operate on such series is stated in the resolution. As used in this section "fact or event" includes, without limitation, the existence of a fact or occurrence of an event, including, without limitation, a determination or action by a person, government, governmental agency or political subdivision of a government. The Manager is further authorized to establish one or more separate classes of membership interest for each series at the time of creation of that series, with the relative rights, powers and duties of each class of the series to be defined in the resolution of the Manger that creates the series. Unless the Manager provides to the contrary in the resolution which fixes the characteristics of a series, neither the consent by series, or otherwise, of the holders of any outstanding series nor the consent of the holders of any outstanding membership interest in the Company generally shall be required for the issuance of any new series regardless of whether the rights and preferences of the new series are senior or superior, in any way, to those of any outstanding series or to those of the membership interests in the Company generally.

b) <u>Certificate</u>. Before the Company shall issue any interest in any series created hereby, a certificate of designation setting forth a copy of the resolution or resolutions of the Managers, and establishing the matters prescribed by subsection (a), above, shall be made and signed by the Manager of the Company and filed in the manner prescribed by the Act.

ARTICLE 5. <u>ALLOCATIONS, PROFITS AND LOSSES</u>

Section 5.1 <u>Profits and Losses</u>. After giving effect to the special and curative allocations set forth herein, Profits and Losses for any fiscal year shall be allocated as follows:

a) <u>Allocation of Profits</u>. The Profits of the Company shall be allocated to the Members of the Company as follows:

(1) First, to those Members with negative capital account balances, in proportion to the ratio of their negative account balances until no Member has a negative account balance;

It is my understanding that this is a good idea, even required, under the tax code. Do not confuse allocation of profits and losses with allocation of cash distributions. They are not the same. Please see your tax adviser for a better description of the effect of these allocations as

(2) Second, to the Members according to each Member's Percentage Interest in the Units.

b) <u>Allocation of Losses</u>. The Losses of the Company shall be allocated to the Members of the Company as follows:

(1) First, to those Members with positive capital account balances, in proportion to the ratio of their positive account balances until no Member has a positive account balance;

(2) Second, to the Members according to each Member's Percentage Interest in the Units.

Section 5.2 **<u>Special Allocations</u>**. The special allocations set forth below shall be made in the following order:

a) <u>Minimum Gain Chargeback</u>. Notwithstanding any other provision of this Article 5, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member who would otherwise have a deficit in such Member's adjusted Capital Account at the end of such year shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount and manner sufficient to eliminate such deficit as quickly as possible. The items to be so allocated shall be determined in accordance with Section 1.704-2(f) of the Regulations. This Section 5.2(a) is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith.

b) <u>Member Minimum Gain Chargeback</u>. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this Article 5, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Company fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Members share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 5.2(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

c) <u>Qualified Income Offset</u>. In the event any Member unexpectedly receives any adjustment, allocations, or distributions described in Section 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, any deficit in a Member's adjusted Capital Account as quickly as possible, provided, however, that an allocation pursuant to this Section 5.2(c) shall be made only if and to the extent that such Member would have a Capital Account deficit after all other allocations provided for in this Article 5 have been tentatively made as if this Section 5.2(c) were not in the Agreement.

d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentence of Regulations Section 1.704-2(g)(1) and Regulations Section 1.704-2(i)(5), each such Member shall be specifically allocated items of Company income and gain in the amount of such excess as quickly as possible, provided, however, that an allocation pursuant to this Section 5.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article 5 have been made as if Section 5.2(c) hereof and this Section 5.2(d) were not in the Agreement.

e) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Members in the same proportions as they share Profits and Losses, as the case may be, for the year.

f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be allocated to the Member who bears the risk of loss with respect to the loan to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i).

g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as if the partnership had recognized an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

Section 5.3 **Curative Allocations.** The allocations set forth in Section 5.2 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of Regulations Section 1.704-1(b). Notwithstanding any other provision of this Article 5 (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other Profits, Losses, and items of income, gains, loss, and deduction among the Members and shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. Notwithstanding the preceding sentence, Regulatory Allocations relating to (a) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a reduction in Company Minimum Gain, and (b) Member Nonrecourse

Deductions shall not be taken into account except to the extent that there would have been a reduction in the Company Minimum Gain if the loan to which such deductions are attributable were not made or guaranteed by a Member within the meaning of Regulations Section 1.704-2(i).

Section 5.4 **<u>Other Allocation Rules</u>.**

a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Managers, using any permissible method under Code Section 706 and the Regulations thereunder.

b) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the year.

c) The Members are aware of the income tax consequences of the allocations made by this Article 5 and hereby agree to be bound by the provisions of this Article 5 in reporting their shares of Company income and loss for income tax purposes.

Section 5.5 **<u>Tax Allocations: Code Section 704(c)</u>**. In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with Section 1.16 (a) hereof). In the event the Gross Asset Value of any Company asset is adjusted pursuant to Section 1.16 (b) hereof, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Managers in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 5.5 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE 6. <u>DISTRIBUTIONS</u>

Section 6.1 **<u>Net Cash From Operations</u>**. Except as otherwise provided in Article 14 hereof, Net Cash From Operations, if any, for each calendar month shall be distributed by the Managers on or before the 20th day of the subsequent calendar month to the Members according to each Member’s Percentage Interest in the Units.

Section 6.2 **Net Cash From Sales or Refinancing**. Except as otherwise provided in Article 14 hereof, Net Cash From Sales or Refinancing shall be distributed, at such times as the Managers may determine to the Members according to each Member's Percentage Interest in the Units.

Section 6.3 **Amounts Withheld**. All amounts withheld pursuant to the Code or any provision of any state or local tax with respect to any payment or distribution to the Company or the Members shall be treated as amounts distributed to the Members pursuant to this Article 6 for all purposes under this Agreement.

ARTICLE 7. MANAGEMENT OF THE COMPANY

Section 7.1 **Management by Managers**. The Company will be managed by a board of three Managers, who shall act collectively as a board. The Managers, except as specifically limited in this Operating Agreement and the Articles, shall have full, exclusive and complete discretion in the management and control of the Company. All third parties dealing with the Company shall have the right to rely upon the authority herein granted. The Managers shall have, including, without limitation, the power and authority to:

a) The commencement of litigation or defense of the same and the settlement of any litigation involving the Company;

b) Take and hold all property of the Company, real, personal or mixed, in the Company's name, or in the name of an agent of the Company if such is necessary in connection with any financing transaction related to the Company's business;

c) Execute and deliver on behalf of and in the name of the Company, or in the name of an agent of the Company, contracts, escrow instructions, deeds, deeds of trust, notes, leases, mortgages, bills of sale, sales contracts, and any and all other instruments, contracts and documents necessary or incidental to the conduct of the Company's business including, but not by way of limitation, the dedication of Company property;

d) Pay real estate brokerage fees or property management fees to third parties, including any Affiliate of a Member, provided that the aggregate brokerage or management fees must not exceed the prevailing market rate for real estate management or brokerage fees in the Clark County, Nevada area;

e) Acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company;

f) Acquire and develop Company property, real or personal;

g) Borrow money on behalf of the Company;

h) Care for and distribute funds to the Members by way of cash, income, return of capital or otherwise, all in accordance with the provisions of this Agreement, and perform all matters in furtherance of the objectives of the Company or this Agreement;

i) Contract on behalf of the Company for the employment and services of employees and/or independent contractors and delegate to such persons the duty to manage or supervise any of the assets or operations of the Company;

j) Make any and all elections for federal, state and local tax purposes;

k) Engage in any kind of activity and perform and carry out contracts of any kind (including contracts of insurance covering risks to property and Managers or Members' liability) necessary or incidental to, or in connection with, the accomplishment of the purposes of the Company, as may be lawfully carried on or performed by a limited-liability company under the laws of each state in which the Company is then formed or qualified;

l) Privately solicit, sell and issue authorized Membership Interest Units to accredited investors;

m) Issue Membership Interest Units to employees of the Company or the Manager as a bonus, and not in lieu of compensation; provided that such issuance shall not disqualify the Company from an exemption from registration for which the Company was qualified prior to such issuance;

n) Cause affiliate or subsidiary entities to be formed for the ownership and operation of particular production projects or films; and

s) Offer for sale to existing Members of the Company or to outside investors membership units in such affiliate or subsidiary entities to raise capital for development of such expanded, separable portions of the Project.

Section 7.2 **Authority of Managers to Bind Company**. Only the Managers and agents of the Company authorized in writing by the Managers shall have the authority to bind the Company. No Member who is not either a Manager or otherwise authorized as an agent shall take any action to bind the Company, and each Member shall indemnify the Company for any costs or damages incurred by the Company as a result of unauthorized action of such Member. Subject to Section 7.4, the Managers have the power, on behalf of the Company, to do all things necessary or convenient to carry out the business and affairs of the Company, including, without limitation, those matters set forth in Section 7.1.

Section 7.3 **Actions of the Managers**. The Managers have the power to bind the Company as provided in this Article 7. In the event additional managers are appointed pursuant to Section 7.5 herein, any difference arising as to any matter within the authority of the Managers shall be decided by a majority in number of the Managers. No act of a Manager in contravention of such determination shall bind the Company to Persons having knowledge of such determination. Notwithstanding such determination, the act of a Manager for the purpose of apparently carrying on the usual business or affairs of the Company, including the exercise of the authority indicated in this Article 7, and no Person dealing with the Company shall have any obligation to inquire into the power or authority of the Manager acting on behalf of the Company.

Section 7.4 **<u>Limitation on Managerial Powers, Actions Requiring Unanimous Consent of Members</u>**. Without written consent of a Majority in Interest of all Members, the Manager shall not have the authority to:

a) Do any act in contravention of this Agreement;

b) Do any act which would make it impossible to carry on the ordinary business of the Company, except as otherwise provided in this Agreement;

c) Confess a judgment against the Company;

d) Possess property, or assign rights in specific property, for other than a Company purpose;

e) Knowingly perform any act that would subject any Member to personal liability in any jurisdiction;

f) Dispose of the goodwill of the Company's business;

g) Comingle funds of the Company with funds of any other Person, except as otherwise provided herein;

h) Mortgage, pledge, hypothecate or create any security interest in Company property except to secure repayment of money borrowed and indebtedness incurred as permitted by this Agreement;

i) Knowingly suffer or cause anything to be done whereby property may be seized or attached or taken in execution, or its ownership or possession otherwise endangered;

j) Transfer, hypothecate, compromise, or release any Company claim except on payment in full;

k) Generally advertise or market Membership Interest Units for sale to the public or generally solicit prospective purchasers of Membership Interest Units;

l) Sell or issue additional Membership Interest Units beyond that provided for in Section 4.1, unless such section is amended pursuant to Article 10 hereof to allow for the issuance of additional Membership Interest Units;

m) Amend this Agreement, if any such amendment would materially change the rights, duties and obligations of the parties to this Agreement except as provided in Article 10 hereof; and

Section 7.5 **Election of Managers**. Each of Secured Diversified Investment, Ltd., Mark Henry and Jay Kister shall serve as the initial Managers of the Company. The number of Managers may be increased or decreased from time to time in accordance with Section 7.6. Each Manager shall hold office until such Manager shall resign or shall be removed or otherwise disqualified to serve, or the Manager's successor shall be elected by the Members and duly qualified.

Section 7.6 **Removal, Resignation and Vacancies**. The existing Managers may designate and appoint additional Managers of the Company, as they deem necessary, subject to a vote of all Members setting or adjusting the number of Managers. The Members may, by a vote of Members holding a Percentage Interest of at least sixty percent (60%) of the total issued and outstanding Membership Interest Units, set or adjust the number of Managers or remove any Manager, either with or without cause. Any Manager may resign at any time by giving written notice thereof to the Members. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The Members shall fill the vacancy by a vote of all Members holding a Majority in Interest of the total issued and outstanding Membership Interest Units of the Company.

Section 7.7 **No Authority of Members**. Except as authorized by the Managers, no Member is an agent of the Company or has the authority to make any contracts, enter into any transactions, or make any commitments on behalf of the Company.

Section 7.8 **Conflicts of Interest**. Any Manager may engage in or possess an interest in other business ventures of any nature or description independently, or with others, including, but not limited to, the mortgage broker business in all its phases or any venture which may be competitive with the Company, without having or incurring any obligation to offer any interest in such activities to the Company or any Member, and neither the Company nor any Member shall have any rights in or to such independent ventures or the income or profits derived therefrom. Neither this Agreement, nor any activity undertaken pursuant hereto, shall prevent any Manager from engaging in such activities, or require any Manager to permit the Company or any Member to participate in any such activities, and as a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes and renounces any such right or claim of participation.

Section 7.9 **Duties and Obligations of Managers**.

a) The Managers may take all commercially reasonable actions which may be necessary or appropriate (i) for the continuation of the Company's valid existence as a limited liability company under the laws of the State of Nevada (and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Managers and the Members or to enable the Company to conduct the business in which it is engaged) and (ii) for the management and business and affairs of the Company in accordance with the provisions of this Agreement and applicable laws and regulations.

b) The Managers shall devote a reasonable amount of time to the performance of their duties as may be necessary to fulfill the purposes the Company as set forth in Section 2.3. The Managers shall not be required to spend full time to the performance of such duties.

Section 7.10 Compensation and Reimbursement.

a) Compensation to Company Employees – Salary. The Company shall pay the employees of the Company, which may include any manager or member, reasonable salary and benefits as determined by the Managers.

b) Reimbursement. A Manager shall be entitled to reimbursement from the Company for any reasonable and direct expenses incurred by a Manager in furtherance of the Company's business, including but not limited to salaries for personnel to operate the business of the Company, office space and supplies, etc.

c) Organization Expenses. The Company shall pay or reimburse a Manager or Member or its Affiliates for organization expenses incurred to the Company. The organization expenses shall include, without limitation, legal and accounting fees. Organization expense shall qualify for reimbursement only if incurred and reasonably related to the Company's business purpose.

Section 7.11 Protection of Third Parties. Any Person dealing with the Company may rely upon a Certificate of Authority as to the authority of the Managers, to bind and otherwise act on behalf of the Company or as to any other facts pertaining to the Company; provided, however, that this Agreement shall be construed as a Certificate of Authority for such purposes; subject, however, to the terms of Section 7.4 hereinabove.

ARTICLE 8. ROLE OF MEMBERS

Except as otherwise set forth in Article 7, the Members shall have no rights or powers to take part in the management and control of the Company or its business affairs. The Members shall have the right to vote only in the matters explicitly set forth in this Agreement.

ARTICLE 9. BOOKS AND RECORDS: ACCOUNTING

Section 9.1 **Fiscal Year**. The fiscal year of the Company shall be the calendar year.

Section 9.2 **Method of Accounting**. The Managers may maintain the Company's management reports on a cash transaction basis; however, the Managers shall keep, or cause to be kept, full and accurate records of all transactions of the Company on the accrual method of accounting unless otherwise required by the Code.

Section 9.3 **Books of Account**. All books of account shall, at all times, be maintained at the principal business office of the Company as the same may be established by the Managers either within or without the State of Nevada, and shall be open during reasonable business hours for the reasonable inspection and examination by the Members or their authorized representatives, who shall have the right to make copies thereof.

Section 9.4 **Tax Returns**. The Managers shall prepare, or cause to be prepared, within ninety (90) days after the end of each fiscal year of the Company, at the expense of the Company, a Federal income tax return in compliance with Section 6031 of the Code and such state and local tax returns as are required for the Company; and, in connection therewith, make any available or necessary elections, including elections with respect to the rates of deduction taken on recovery property of the Company.

Section 9.5 **Reports and Statements.**

a) Within ninety (90) days after the end of each fiscal year of the Company, the Managers shall cause to be delivered to the Members such information as shall be necessary (including a statement for that year of each Member's share of net income, net gains and losses, and other items of the Company) for the preparation by the Members of their Federal and state income and other tax returns for such year and, if required by applicable law, a copy of the Company's Federal, state and local tax or information returns for such year.

b) Within ninety (90) days after the end of each fiscal year of the Company, the Managers shall cause to be delivered to the Members the following financial statements of the Company at the expense of the Company:

(i) statement of operations;
(ii) balance sheet;
(iii) statement of changes in Member's capital; and
(iv) statement of changes of financial position.

Such financial statements shall be certified by an independent certified public accountant if such certification is requested in writing by Members owning sixty percent (60%) or more of the outstanding Membership Interest Units in the Company on or before the later to occur of 270 days after the end of such fiscal year or 90 days after delivery of such financial statement without certification (and if such certification is so requested, the Managers shall have until the later to occur of 180 days after the end of the fiscal year of the Company or 120 days after the request for certified financial statements is received by the Managers to deliver such certified financial statement); provided, however, that if such certification is not so requested, then such financial statements shall be certified as true and correct by the Managers.

Section 9.7 **Tax Matters Member**. The Members hereby make, constitute and appoint _____________________ as the "Tax Matters Member" ("TMM"). The TMM shall act as the tax matters partner referred to in Section 6231 (a) (7) of the Code.

ARTICLE 10. AMENDMENTS; MEETINGS

Section 10.1 Amendments.

(a) Amendments to this Agreement may be proposed by a majority in number of the Managers or by a Majority in Interest of all Members. Following such proposal, the Managers shall submit to the Members a verbatim statement of any proposed amendment, providing that counsel for the Company shall have approved of the same in writing as to form, and the Managers shall include in any such submission a recommendation as to the proposed amendment. The Managers shall seek the written vote of the Members on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. For purposes of obtaining a written vote, the Managers may require response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a vote which is consistent with the Managers' recommendation with respect to the proposal. A proposed amendment shall be adopted and be effective as an amendment hereto if it receives a vote of the Members owning sixty percent (60%) or more of the outstanding Membership Interest Units in the Company.

b) Notwithstanding Section 10.1(a) hereof, this Agreement shall not be amended without the consent of each Member adversely affected if such amendment would modify the limited liability of a Member.

Section 10.2 Meetings and Means of Voting.

a) Meetings of the Members or all the Members may be called by the Managers and shall be called upon the written request of a Majority in Interest of all of the Members. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Members or class of Members not less than ten (10) days nor more than thirty (30) days prior to the date of such meeting. Members may vote in person or by proxy at such meeting. Whenever the vote or consent of the Members is permitted or required under the Agreement, such vote or consent may be given at a meeting of the Members or may be given in accordance with the procedure prescribed in Section 10.3 hereof.

b) For the purpose of determining the Members entitled to vote on, or to vote at, any meeting of the Members or any adjournment thereof, the Managers or the Members requesting such meeting may fix, in advance, a date as the record date for any such determination of Members. Such date shall not be more than sixty (60) days nor less than ten (10) days before any such meeting.

c) Each Member may authorize any Person or Persons to act for him by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Member or his attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

d) Each meeting of Members shall be conducted by such other Person as the Managers may appoint pursuant to such rules for the conduct of the meeting as the Managers or such other Person deems appropriate.

Section 10.3 Action Without A Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing setting forth the action to be taken is signed by Members owning not less than the minimum percentage of Interests that would be necessary to authorize or take such action at a meeting at which all the Members entitled to vote were present and voted. The Managers may specify that any written ballot submitted to Members and assignees for the purpose of taking any action without a meeting shall be returned to the Company within the time not less than specified by the Managers.

ARTICLE 11. TRANSFER OF INTERESTS

Section 11.1 Transfer Restrictions in General. Except as otherwise set forth in this Article 11, a Member shall not Transfer all or any portion of its Interest in the Company without the written consent of the Managers of the Company, which consent may be given or withheld in the sole and absolute discretion of the Managers. Any Transfer which does not comply with the provisions of this Article 11 shall be void and shall not cause or constitute a dissolution of the Company.

Section 11.2 Tax Opinion. The transferor of any Interest shall provide an opinion of counsel, satisfactory to the other Members, that the proposed assignment, transfer or sale would not cause the termination of the Company for federal income tax purposes.

Section 11.3 Registration. If any Interest is to be assigned, transferred or sold, either (i) such Interest shall be registered under the Securities Act of 1933, as amended, and any applicable state securities laws, or (ii) such Transfer shall be exempt from registration and shall not disqualify the Company from an exemption from any registration requirements for which it qualified prior to any such assignment, transfer or sale. Upon written request by the Managers, the transferring Member shall provide an opinion of counsel that the proposed assignment, transfer or sale is exempt from such registration requirements, which opinion shall not be deemed provided unless and until it is accepted by the Managers. The Company and the Members have no obligation or intention whatsoever either to register Interests for resale under any federal or state securities laws or to take any action which would make available to any Person any exemption from the registration requirements of such laws.

Section 11.4 **<u>Accredited Investors; Exemptions</u>.** Unless the Units are registered under the Securities Act of 1933, as amended, and any applicable state securities laws, no Interest in the Company may be assigned, transferred or sold to any Person except those who are deemed "Accredited Investors," as that term is defined herein, nor shall any Person be admitted as a Member of the Company who is not an Accredited Investor; unless such assignment, transfer, sale or admission to membership shall not disqualify the Company from an exemption from registration for which the Company was qualified prior to the occurrence of such assignment, transfer, sale or admission to membership. The Company shall be entitled to rely on the representations and warranties made by any Person in his Subscription Agreement for the purpose of determining whether said Person is an Accredited Investor. Neither the Managers nor the other Members shall have an independent duty to investigate whether a Person to whom Membership Interest Units are to be sold or issued is an Accredited Investor.

Notwithstanding anything in this Agreement to the contrary, Membership Interest Units may be sold or issued to Persons who are not Accredited Investors if (i) any such sale or issuance is not integrated with, and is made separate from, an offering to Accredited Investors, (ii) such Persons are to be involved in the management and control of the Company, AND (iii) sale or issuance of any Membership Interest Units to such Persons will not disqualify the Company from an exemption from registration requirements for which it qualified prior to any such sale or issuance.

Section 11.5 **<u>Restrictive Legend</u>**. All certificates of Membership Interest Units issued to Members shall bear the following restrictive legend:

> THE MEMBERSHIP INTEREST UNITS ("UNITS") REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TRANSFER AND OTHER RESTRICTIONS PURSUANT TO THE TERMS AND CONDITIONS OF AN OPERATING AGREEMENT ENTERED INTO BY THIS LIMITED LIABILITY COMPANY AND ITS MEMBERS, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THE LIMITED LIABILITY COMPANY. NO TRANSFER OF THE UNITS REPRESENTED HEREBY OR OF UNITS ISSUED IN EXCHANGE THEREFOR SHALL BE VALID OR EFFECTIVE UNLESS AND UNTIL ALL OF THE TERMS AND CONDITIONS OF SUCH OPERATING AGREEMENT APPLICABLE TO SUCH TRANSFER HAVE BEEN FULFILLED.

Section 11.6 **<u>Right of First Refusal</u>**. In addition to the other limitations and restrictions set forth herein, no Member may sell all or any portion of his Interest unless such Member (the "Selling Member") has first (i) given written notice to the other Members and the Company of his intention to sell all or a portion of such Interest (that which is intended to be sold is hereinafter called the "Subject Interest") and (ii) offered to sell the Subject Interest first to the Company and second to the other Members, as set forth below, at a price no greater, and on terms and conditions not less favorable to the purchaser, than specified in a bona fide written offer received by the Selling Member from a third party.

a) Within thirty (30) days after such notice is given by the Selling Member, the Company may elect to purchase the Subject Interest from the Selling Member at the price and upon the terms and conditions set forth in the Selling Member's offer. If the Company does not give the Selling Member notice of its election to purchase the Subject Interest within such thirty (30) day period, the Seller Member shall then give written notice to the other Members of the Company in the form substantially similar to the form of notice required to be given to the Company as set forth above. Within thirty (30) days after such notice is given by the Selling Member to the other Members, any of the other Members may elect to purchase the Subject Interest from the Selling Member at the price and upon the terms and conditions set forth in the Selling Members offer. If the other Members do not give the Selling Member notice of their election to purchase the Subject Interest within such thirty (30) day period, the Selling Member, at any time within three (3) months after the end of such thirty (30) day period, may, subject to the other provisions of this Article 10, sell the Subject Interest to the Person and for a purchase price not less, and on terms and conditions not more favorable to the purchaser, than specified in such third party offer.

b) In connection with any such offer by a Selling Member, if more than one Member elects to purchase the Subject Interest, the Selling Member shall hold an auction among such electing Members and the highest bidder shall be entitled to purchase the Subject Interest at the winning bid price which shall be paid to the Selling Member instead of the original purchase price.

Section 11.7 **Prohibited Transfers**. Any transfer or purported transfer of an Interest, whether by operation of law or otherwise, shall be null and void and of no legal effect unless it is permitted by this Article 11.

Section 11.8 **Rights of Assignee**.

a) Except as provided in this Section 11.8 and as required by operation of law, the Company shall not be obligated for any purpose whatsoever to recognize the transfer by any Member of an Interest unless such transfer is made in accordance with the terms of this Agreement.

b) Any transfer of an Interest must be in writing, may not contravene any of the provisions of this Agreement, and must be executed by the transferor and delivered to the Company and recorded on the books of the Company. Any transfer which contravenes any of the provisions of this Agreement shall be of no force and effect, and shall not be recognized by the Company.

c) A transferee of an Interest who is not admitted as Member pursuant to Section 11.9 shall have no right to require any information or account of the Company's transactions or to inspect the Company books or to vote, or to participate in the management of the Company, but shall only be entitled to receive the allocations and distributions to which his transferor would otherwise be entitled under this Agreement.

Section 11.9 Admission as a Member.

a) Subject to the other provisions of this Article 11, a transferee of an Interest shall be admitted as a Member only after the satisfactory completion of items (1) through (3) below and, if applicable, item (4):

   1) The transferee accepts and agrees to be bound by the terms and provisions of this Agreement;

   2) A counterpart of this Agreement and such other documents or instruments as the Company may require is executed by the transferee to evidence such acceptance and agreement;

   3) The transferee pays or reimburses the Company for all reasonable legal fees, filing and publication costs incurred by the Company in connection with the admission of the transferee as a Member; and

   4) If the transferee is not an individual, the transferee provides the Company with evidence satisfactory to counsel for the Company of the authority of such transferee to become a Member under the terms and Provisions of this Agreement.

b) The Company shall make all official filings and publications as promptly as practicable after the satisfaction by the transferee of the conditions contained in this Article 11 to the admission of such transferee as a Member.

Section 11.10 Distributions and Allocations in Respect to Transferred Interests. If any Member's Interest is sold, assigned or transferred during any accounting period in compliance with the provisions of this Article 11, Profits, Losses, each item thereof and all other items attributable to the transferred Interest for such period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Company. All distributions on or before the date of such transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making such allocations and distributions, the Company shall recognize such transfer not later than the end of the calendar month during which it is given notice of such transfer, provided that if the Company does not receive a notice stating the date such Interest was transferred and such other information as the Company may reasonably require within thirty (30) days after the end of the accounting period during which the transfer occurs, then all of such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, on the last day of the accounting- period during which the transfer occurs, was the owner of the Interest. Neither the Company nor any Manager shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 11.10, whether or not any Manager or the Company has knowledge of any transfer of ownership of any Interest.

Section 11.11 **Death of a Member**. The heirs, devisees and legatees of a deceased Member shall have the rights of a transferee of such deceased Member provided for in Section 11.8 hereof, subject to administration of such deceased Member's estate, and may become substituted Members in lieu of the deceased Member upon the unanimous consent of the other Members and compliance with the conditions of Sections 11.4 and 11.10 hereof. The other Members shall have the absolute right to refuse such consent.

Section 11.12 **Voluntary Withdrawal By Member Prohibited**. Except in the event of the death of a Member or upon the written consent of the Managers, in the Managers' sole and absolute discretion, no Member may voluntarily withdraw, retire or resign from the Company. Any Member that voluntarily withdraws, retires or resigns from the Company in contravention of this Agreement shall be liable to the Company and the other Members for all costs, expenses and damages occasioned by any such action in contravention of this Agreement. The voluntary withdrawal, retirement or resignation of a Member ("Withdrawing Member") shall be considered a "Buy/Sell Event" under Section 13.1 hereof and shall subject such Withdrawing Member's Interest to the provisions of Article 13 hereof provided however the "Net Equity" of the Withdrawing Member's Interest shall be decreased by all costs, expenses and damages occasioned by such Withdrawing Member's action in contravention of this Section 11.12.

Section 11.13 **Redemption of Units.** Notwithstanding anything in this Agreement to the contrary, the Managers may, in the Managers' sole discretion, cause the Company to redeem any Membership Interest Units owned by any Member. The Manager shall agree to a request for redemption if, in the sole discretion of the Manager, the redemption will not materially adversely affect the Company, its liquidity and operations. The redemption price for the redeemed Units shall be equal to the Net Equity of the Units submitted for redemption on the date of redemption, less the fees set forth in paragraph 7.10 as applicable. The Manager shall structure the payment of the redemption price in that combination of cash and property of the Company, immediately or over time, and upon such other terms and conditions as the Manager, in its sole discretion, deems reasonable and fair to both the Member seeking redemption and the Company.

ARTICLE 12. ADMISSION OF NEW MEMBERS.

The Members acknowledge that authorized Membership Interest Units may be held in reserve by the Company for later issuance as needed, and that as said Membership Interest Units are issued, additional Members will be admitted to the Company. The Managers may admit new Members without the consent of the existing Members only by issuing said Membership Interest Units in accordance with the provisions of this Agreement.

ARTICLE 13. DEATH, INCOMPETENCY, BANKRUPTCY AND DISSOLUTION OF A MEMBER.

Section 13.1 Buy/Sell Event. For purposes of this Agreement, "Buy/Sell Event" means the occurrence of any of the following events as to a Member:

a) it voluntarily withdraws, retires or resigns from the Company in contravention of Section 11.11 hereof,

b) its removal in accordance with this Agreement;

c) it (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudicated a bankrupt or insolvent, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of itself or all or any substantial part of its properties;

d) unless all Members give their consent in writing at the time, (i) the lapse of 90 days after the commencement of any proceeding against it seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, if during such period the proceeding has not been dismissed, or (ii) the lapse of 60 days after the appointment without its consent or acquiescence of a trustee, receiver or liquidator of itself or all or any substantial part of its properties, if during such period the appointment is not vacated or stayed, or if within 60 days after the expiration of any such stay the appointment is not vacated;

e) in the case of a Member who is a natural person: (i) death, provided the remaining Members have not unanimously consented to permit the deceased Member's heirs or beneficiaries to succeed to such Interest as provided in Section 11.10 hereof, or (ii) the entry by a court of competent jurisdiction adjudicating him incompetent to manage his person or estate;

f) in the case of a Member who is acting as a Member by virtue of being a trustee of a trust, the termination of the trust (but not merely the substitution of a new trustee) or the distribution to any beneficiary of the trust of all or any part of the trust's interest in the Company;

g) in the case of a Member that is a separate partnership, the dissolution and commencement of winding up of the separate partnership or the distribution to any partner of the separate partnership of all or any part of the separate partnership's interest in the Company;

h) in the case of a Member that is a corporation, the filing of a certificate of dissolution or its equivalent, for the corporation, or the revocation of its charter or certificate of incorporation or the distribution to any shareholder of the corporation of all or any part of the corporation's interest in the Company; or

i) in the case of a Member that is an estate, the distribution by the fiduciary of all or any part of the estate's interest in the Company,

The Member with respect to whom a Buy/Sell Event occurs is sometimes referred to herein as the "Selling Member." Upon occurrence of a Buy/Sell Event, the Company and then the remaining Members shall have the option to purchase the Selling Member's entire Interest in the Company for a purchase price equal to the Selling Member's "Net Equity" as of the date of the Buy/Sell Event, in accordance with the procedures set forth in Section 11.6. Such option shall be exercised by the Company or any Member giving written notice of its exercise ("Electing Member(s)") within thirty (30) days after it receives notice of the occurrence of the Buy/Sell Event ("Election Period") to the Selling Member or its personal representative or successor-in-interest, in accordance with Section 11.6 above. If the Company elects to purchase any portion of the Selling Member's Interest, then the Electing Member(s) shall be entitled to purchase only the remainder, if any. If there is more than one Electing Member, their exercise of the option shall be deemed to be an election to purchase that portion of the Selling Member's Interest that is the ratio of each Electing Member's Capital Account to the total Members' Capital Accounts of all of the Electing Members. If the Company and the other Members fail to exercise their option to purchase the Selling Member's entire Interest in the Company, the Selling Member's Interest shall pass to the transferee of said Buy/Sell Event subject to the other terms and provisions in this Agreement.

The issuance of previously unissued Membership Interest Units by the Managers to new Members shall not constitute a "Buy/Sell Event" for purposes of this Agreement.

Section 13.2 Net Equity. The "Net Equity" of a Selling Member's Interest in the Company shall be the amount that would be distributed to such Member in liquidation of the Company pursuant to Article 14 hereof if (1) all of the Company assets were sold for their Fair Market Value as of the date of the Buy/Sell Event, (2) the Company paid its accrued, but unpaid liabilities and established reserves pursuant to Section 14.2 hereof for the payment of reasonably anticipated contingent or unknown liabilities, and (3) the Company distributed the remaining proceeds to the Members in liquidation, all as of the date of the Buy/Sell Event, provided that in determining such Net Equity, no reserve for contingent or unknown liabilities shall be taken into account if the Selling Member (or his successor in interest) agrees to indemnify the Company and all other Members for that portion of any such reserve as would be treated as having been withheld pursuant to Section 14.2 hereof from the distribution such Member would have received pursuant to Article 14 hereof if no such reserve were established.

The Net Equity of the Selling Member's Interest in the Company shall be determined, without audit or certification, from the books and records of the Company by the Manager together with assistance from the firm of independent certified public accountants regularly employed by the Company. The Net Equity of the Selling Member's Interest shall be determined within thirty (30) days of the day upon which such accountants are apprised in writing of the Fair Market Value of the Company's property, and the amount of such Net Equity shall be disclosed to the Company and each of Members by written notice. The Net Equity determination of such accountants shall be final and binding in the absence of a showing of gross negligence or willful misconduct. Additionally, if the Buy/Sell Event is the voluntary withdrawal, resignation or retirement of the Selling Member in contravention of Section 11.11 hereof, the Selling Member's Net Equity shall be decreased by all costs, expenses and damages occasioned by such Selling Member's action in contravention of Section 11.11 hereof.

Section 13.3 <u>Fair Market Value</u>. The Manager shall determine the fair market value of the Company's assets as of the last day of each calendar quarter with the assistance of the firm of independent certified public accountants regularly employed by the Company and such other professionals as the Manger shall deem appropriate, using industry standard formulas and averages of recent public sales of similar asset holdings and such other practices and principals, consistently applied, as the Manager deems appropriate. Projects under production as of the valuation date will be valued at not more than booked cost. The Manager's determination of fair market value shall be final and binding in the absence of a showing of gross negligence or willful misconduct.

Section 13.4 <u>Terms of Purchase; Closing</u>. The closing of the purchase and sale of the Selling Member's Interest shall occur on a date and time mutually agreeable to the Selling Member (or his personal representative or successor in interest) and the Company or the Electing Members, as the case may be, which shall not be later than 5:00 p.m. (local time at the place of closing) on the first business day occurring on or after the sixtieth (60th) day following the date the Net Equity of the Selling Member's Interest is determined under Section 13.2 hereof and at such place as is mutually agreeable to the Company or the Electing Members and the Selling Member, or upon the failure to agree, at the Company's principal place of business. At the closing, the Company or each Electing Member, as the case may be, shall pay to the Selling Member, by cash or other immediately available funds, that portion of the purchase price of the Selling Member's Interest that corresponds to the portion of the Selling Member's Interest the Company or such Electing Member is purchasing, and the Selling Member shall deliver to the Company or each Electing Member, as the case may be, good title, free and clear of any liens, claims, encumbrances, security interests, or options (other than those granted by this Agreement) to the portion of the Selling Member's Interest thus purchased. Each Electing Member shall be liable only for his individual portion of the purchase price to the Selling Member. In the event that the Company or any Electing Member shall fail to perform its obligation to purchase hereunder, and no other Electing Member elects to purchase the portion of the Selling Member's Interest thus not purchased, such Selling Member shall not be obligated to sell any portion of his Interest to the Company or any Electing Member.

At the closing, the Company or the Electing Members, as the case may be, and Selling Member (or their representatives) shall execute such documents and instruments of conveyance as may be necessary or appropriate to confirm the transactions contemplated hereby including, without limitation, the Transfer of Interest of the Selling Member to the Company or the Electing Member(s), as the case may be, and the assumption by the Company or each Electing Member, as the case may be, of each Selling Member's obligation with respect to the portion of the Selling Member's Interest transferred to the Company or each Electing Member. The reasonable costs of such transfer and closing, including, without limitation, attorneys' fees and filing fees, shall be divided equally between the Selling Member and the Company or the Electing Member(s), as the case may be.

ARTICLE 14. DISSOLUTION AND WINDING UP

Section 14.1 Liquidating Events. The Company shall dissolve and commence winding -up and liquidating upon the first to occur of any of the following ("Liquidating Events"):

a) The vote of (1) a majority of the Managers; and (2) the Members holding sixty percent (60%) of the issued and outstanding Membership Interest Units to dissolve, wind up and liquidate the Company;

b) The entry of a decree of judicial dissolution that it is not reasonably practicable to carry on the business of the Company in conformity with the Articles of Organization or this Agreement; or

c) The happening of any other event that makes it unlawful, impossible, or impractical to carry on the business of the Company.

The Members hereby agree that, notwithstanding any provision of the Act, the Company shall not dissolve prior to the occurrence of a Liquidating Event. If it is determined, by a court of competent jurisdiction, that the Company has dissolved prior to the occurrence of a Liquidating Event, the Members hereby agree to continue the business of the Company without a winding up or liquidation.

Section 14.2 Winding Up. Upon a dissolution of the Company, the Managers or court-appointed trustee if there is no Manager shall take full account of the Company's liabilities and property, and the Company's property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient therefor, shall be applied and distributed in the following order:

a) First, to the payment and discharge of all of the Company's debts and liabilities to creditors, including Members who are creditors in the order and priority as provided and to the extent otherwise permitted by law, except to Members on account of their Capital Accounts, including the establishment of any necessary reserves:

b) Second, to the payment and discharge of all of the Company's debts and liabilities to Members not discharged under Section 13.2(a) above;

c) Third, to those Members with unreturned capital contributions in excess of their capital accounts, in proportion to the ratio of these excesses, until these excesses have been eliminated;

e) Finally, pro-rata to all Members in proportion to their respective Membership Interests.

Section 14.3 <u>Compliance with Requirements of Regulations; Deficit Capital Accounts</u>. In the event the Company is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made to the Members pursuant to this Article 14 (if such liquidation constitutes a dissolution of the Company) or Article 5 hereof (if it does not). In the discretion of the Members, a pro rata portion of the distributions that would otherwise be made to the Members pursuant to this Article 14 may be:

a) Distributed to a trust established for the benefit of any Member for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Members arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Members, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to this Agreement; or

b) Withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

Section 14.4 <u>Rights of Members</u>. Except as otherwise provided in this Agreement, (a) each Member shall look solely to the assets of the Company for the return of its Capital Contributions and shall have no right or power to demand or receive property other than cash from the Company and (b) no Member shall have priority over any other Member as to the return of its Capital Contributions, distributions, or allocations.

Section 14.5 <u>Deemed Distribution and Recontribution</u>. Notwithstanding any other provisions of this Article 14, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, its property shall not be liquidated, and the Company's affairs shall not be wound up. Instead, the Company shall be deemed to have distributed its property in kind to the Members, who shall be deemed to have assumed and taken subject to all Company liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the Members shall be deemed to have recontributed the property in kind to the Company, which shall be deemed to have assumed and taken subject to all such liabilities.

Section 14.6 Notice of Dissolution. In the event a Liquidating Event occurs or an event occurs that would, but for provisions of Section 14.1, result in a dissolution of the Company, the Managers shall, within thirty (30) days thereafter, (a) provide written notice thereof to each of the Members and to all other parties with whom the Company regularly conducts business (as determined in the discretion of the Managers), and (b) publish notice thereof in a newspaper of general circulation in each place in which the Company regularly conducts business (as determined in the discretion of the Managers).

ARTICLE 15. NON-REGISTRATION OF SECURITIES.

The Members' Interests are not registered under the Securities Act of 1933 or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of said Act and such laws. Before any Members' Interests can be resold, the Members' Interest must be registered under federal and state securities laws, which the Company will not undertake, or the transaction must qualify for an exemption from such registration.

ARTICLE 16. INDEMNIFICATION

Section 16.1 Indemnification of Member, Employee or Agent: Proceeding Other than by Company. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that he is or was an Organizer, Member, Manager, employee or agent of this Company, or is or was serving at the request of this Company as an organizer, manager, director, officer, employee or agent of another limited liability company or corporation, against expenses, including attorneys' fees, judgment, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of this Company, and, with respect to a criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of this Company, and that, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

Section 16.2 Indemnification of Member, Employee or Agent: Proceeding by Company. The Company shall indemnify any person who was or is party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of this Company to procure a judgment in its favor by reason of the fact that he is or was an Organizer, Member, Manager, employee or agent of this Company, or is or was serving at the request of this Company as an organizer, member, manager, director, officer, employee or agent of another limited-liability company, corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the actions or suit if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of this Company. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to this Company or for amounts paid in settlement to this Company, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

Section 16.3 **Advance of Expenses.** Expenses incurred in defending a civil or criminal action, suit or proceeding brought other than by the Company shall be paid by the Company in advance until the earlier to occur of (a) the final disposition of the action, suit or proceeding in the specific case, or (b) a determination that indemnification is not proper under the circumstances because the applicable standard of conduct set forth in this Article 16 has not been met. Expenses incurred in defending a civil or criminal action, suit or proceeding brought by the Company may be paid by the Company in advance of the final disposition of the action, suit or proceeding, as authorized by the Company pursuant to Section 16.4 in the specific case. Any advance of expenses shall not commence until receipt by the Company of an undertaking by or on behalf of the individual seeking such advance to repay any advanced amount unless it shall ultimately be determined that such individual is entitled to be indemnified by the Company as authorized in this Article 16.

Section 16.4 **Determination of Indemnification.** Any indemnification under Sections 16.1 and 16.2, unless ordered by a court or advanced by the Company, must be made by this Company only as authorized in the specific case upon a determination that indemnification of the Organizer, Member, Manager, employee or agent is proper in the circumstances. The determination must be made:

(a) By a majority vote of the quorum of Managers who were not parties to the act, suit or proceeding; or

(b) If a quorum consisting of Managers who were not parties to the act, suit or proceeding cannot be obtained, by a majority of the Members, disregarding the vote of any Member or Manager who was a party to the act, suit or proceeding.

Section 16.5 **Cooperation of Indemnitee**. Any person seeking indemnification pursuant to this Article 16 shall promptly notify the Company of any action, suit or proceeding for which indemnification is sought and shall in all ways cooperate fully with the Company and its insurer, if any, in their efforts to determine whether or not indemnification is proper in the circumstances, given the applicable standard of conduct set forth in this article. Any person seeking indemnification pursuant to this article other than with respect to (a) a criminal action, suit, or proceeding, or (b) an action, suit, or proceeding by or in the right of the Company, shall (i) allow the Company and/or its insurer the right to assume direction and control of the defense thereof, if they elect to do so, including the right to select or approve defense counsel, (ii) allow the Company and/or its insurer the right to settle such actions, suits, or proceedings at the sole discretion of the Company and/or its insurer, and (iii) cooperate fully with the Company and its insurer in defending against, and settling such actions, suits, or proceedings.

Section 16.6 **Non□Exclusivity**. The indemnification provided by this Article 16 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Act, the Articles of Organization or this Agreement or any agreement, vote of Members or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Member, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 16.7 **Insurance**. The Company may purchase and maintain insurance on behalf of any person who is or was an Organizer, Manager, Member, officer, employee, or agent of the Company, or is or was serving the Company with a contractual commitment of indemnification, or is or was serving at the request of the Company as an organizer, member, manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by him or her in any such capacity, or arising out of his/her status as such, whether or not the Company would have the power to indemnify him or her against such liability under the provisions of the Act, as amended from time to time.

Section 16.8 **Additional Indemnification**. The Company may provide further indemnity, in addition to the indemnity provided by this Article 16, to any person who is or was an Organizer, Manager, Member or officer of the Company, or is or was serving the Company with a contractual commitment of indemnification, or is or was serving at the request of the Company as an organizer, member, manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, provided that no such indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct.

ARTICLE 17. MISCELLANEOUS PROVISIONS

Section 17.1 **Notices**. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered properly given if mailed within the United States by certified mail return receipt requested, postage prepaid, to the Members at the addressee set forth beneath their signatures, or if personally delivered to them.

Any Member may change his address by giving written notice of the change to the Company and the other Members. Any notices given prior to the notice of change of address shall not be affected by the notice of change.

Section 17.2 **Attorneys' Fees**. In any judicial action, arbitration, or proceeding among the parties to enforce any of the provisions of this Agreement or any right of any party hereto, regardless of whether such action or proceedings is prosecuted to judgment and in addition to any other remedy, the unsuccessful party shall pay to the successful party all costs and expenses, including reasonable attorneys' fees, incurred therein by the successful party.

Section 17.3 **Entire Agreement**. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements among the parties with respect thereto.

Section 17.4 **Captions**. Any titles or captions or sections contained in this Agreement are for convenience or reference only and shall not be deemed part of the context of this Agreement.

Section 17.5 **Pronouns**. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identification of the person or persons, entity or entities, may require.

Section 17.6 **Governing Law**. This Agreement shall be governed by and constructed and enforced in accordance with the internal laws of the State of Nevada, with venue for any dispute arising from or related to this Agreement or the Company exclusively in the state or federal courts sited in Clark County, Nevada.

Section 17.7 **Severability**. If any provision of this Agreement shall be invalid or unenforceable for any reason and to any extent, the remainder of this Agreement shall not be affected thereby, but shall be enforced to the greatest extent permitted by law.

Section 17.8 **Further Documents**. Each of the Members shall execute such further documents and take such further actions as may be reasonably necessary or desirable to accomplish any transaction intended or authorized by this Agreement.

Section 17.9 **Member Non-Waiver of Rights and Breaches**. No failure or delay of a Member in the exercise or any rights given to such Member hereunder or by law shall constitute a waiver thereof, nor shall any single or partial exercise of any such right preclude other further exercise thereof or of any other right. The waiver by a Member of any breach of any provision hereof shall not be deemed to be a waiver of any subsequent breach thereof, or of any breach of any other provision hereof.

Section 17.10 **No Agency**. Nothing contained herein shall be construed to constitute any Member the partner of any other Member or the agent of any other Member.

Section 17.11 **Parties Bound**. This Agreement shall bind and inure to the benefit of the Members and their several successors in interest in whatever capacity.

Section 17.12 **Duplicate Originals**. This Agreement may be executed in several copies; and upon execution and delivery (by mail, facsimile, email attachment, overnight delivery or otherwise) by each party hereto, they shall be treated as duplicate originals hereof.

Section 17.13 **Counterpart Execution**. This Agreement may be executed in any number of counterparts with the same effect as if all the Members had signed the same document. All counterparts shall be construed together and shall constitute one Agreement.

Section 17.14 **Incorporation by Reference**. Every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

Section 17.15 **Waiver of Action for Partition**. Each of the Members irrevocably waives any right that he may have to maintain any action for partition with respect to any of the Company's property.

Section 17.16 **Joint Preparation**. The parties hereto have cooperated in the drafting and preparation of this Agreement. In any construction to be made of the Agreement, no presumption shall arise against a party by virtue of its participation in the drafting of the Agreement.

Section 17.17 **Not for Benefit of Creditors**. The provisions of this Agreement are intended for the regulation of the Members and the Company, and are not intended for the benefit of non-Member creditors and do not grant any rights to non-Member creditors.

IN WITNESS WHEREOF, the members have executed this Agreement as of the Effective
Date set forth above.

MEMBER – MARK HENRY	MEMBER – SECURED DIVERSIFIED INVESTEMENT, LTD.
____________________________	____________________________
SSN # ______________________	BY: ________________________
	ITS: ________________________
	TAX ID #: ___________________
ADDRESS OF MEMBER:	ADDRESS OF MEMBER:
____________________________	____________________________
____________________________	____________________________

MEMBER – JAY KISTER	MEMBER
____________________________	____________________________
SSN # ______________________	SSN # ______________________
ADDRESS OF MEMBER:	ADDRESS OF MEMBER:
____________________________	____________________________
____________________________	____________________________

SECURED LENDING LLC

EXHIBIT A

ARTICLES OF ORGANIZATION

SECURED LENDING LLC

EXHIBIT B

CAPITAL CONTRIBUTIONS AND PERCENTAGE INTEREST
(PROFITS AND LOSSES)

	Membership Interest Units Owned	Capital Contribution	Profits and Losses Participation Percentage
Member			
Secured Diversified Investment, Ltd.	3,000		33 1/3%
Mark Henry	3,000		33 1/3%
Jay Kister	3,000		33 1/3%
Total	9,000	100%	100%