

FORM APPROVED COUNTY COUNSEL  
 BY: GREGORY P. PRIAMOS DATE: 6/29/15

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

579A



**SUBMITTAL DATE:**  
**JUN 29 2015**

**FROM:** Don Kent, Treasurer/Tax Collector

**SUBJECT:** Recommendation for Distribution of Excess Proceeds for Tax Sale No. 192, Item 782. Last assessed to: Jason Thornton, a single man. District 5 [\$10,358] Fund 65595 Excess Proceeds from Tax Sale.

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the claim from Stonecrest Income & Opportunity Fund I, LLC for payment of excess proceeds resulting from the Tax Collector's public auction sale associated with parcel 534092002-9;

(continued on page two)

**BACKGROUND:**

**Summary**

In accordance with Section 3691 et seq. of the California Revenue and Taxation Code, and with prior approval of the Board of Supervisors, The Tax Collector conducted the March 20, 2012 public auction sale. The deed conveying title to the purchasers at the auction was recorded May 11, 2012. Further, as required by Section 4676 of the California Revenue and Taxation Code, notice of the right to claim excess proceeds was given on June 6, 2012, to parties of interest as defined in Section 4675 of said code. Parties of interest have been determined by an examination of lot book reports as well as Assessor's and Recorder's records, and various research methods were used to obtain current mailing addresses for these parties of interest.

(continued on page two)

*Don Kent*  
 Don Kent  
 Treasurer-Tax Collector

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 10,358	\$ 0	\$ 10,358	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

<b>SOURCE OF FUNDS:</b> Fund 65595 Excess Proceeds from Tax Sale	<b>Budget Adjustment:</b> N/A
	<b>For Fiscal Year:</b> 15/16

**C.E.O. RECOMMENDATION:**

**APPROVE**

BY: Samuel Wong 7/13/15  
 Samuel Wong

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: 5

Agenda Number:

9-34

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**FORM 11:** Recommendation for Distribution of Excess Proceeds for Tax Sale No. 192, Item 782. Last assessed to: Jason Thornton, a single man. District 5 [\$10,358] Fund 65595 Excess Proceeds from Tax Sale.

**DATE:** JUN 29 2015

**PAGE:** Page 2 of 2

**RECOMMENDED MOTION:**

2. Deny the claim from Found Extra Money, LLC, assignee for Jason Thornton, last assessee;
3. Authorize and direct the Auditor-Controller to issue a warrant to Stonecrest Income & Opportunity Fund I, LLC in the amount of \$10,358.61 no sooner than ninety days from the date of this order, unless an appeal has been filed in Superior Court, pursuant to the California Revenue and Taxation Code Section 4675.

**BACKGROUND:**

**Summary (continued)**

The Treasurer-Tax Collector has received two claims for excess proceeds:

1. Claim from Stonecrest Income & Opportunity Fund I, LLC based on an Assignment of Deed of Trust recorded January 4, 2012 as Instrument No. 2012-0002233.
2. Claim from Found Extra Money, LLC, assignee for Jason Thornton based on an Assignment of Right to Collect Excess Proceeds dated May 8, 2013 and a Grant Deed recorded December 27, 2005 as Instrument No. 2005-1064467.

Pursuant to Section 4675 (a) & (b) & (e) of the California Revenue and Taxation Code, it is the recommendation of this office that Stonecrest Income & Opportunity Fund I, LLC be awarded excess proceeds in the amount of \$10,358.61. Since the amount claimed by Stonecrest Income & Opportunity Fund I, LLC exceeds the amount of excess proceeds available there are no funds available for consideration for the claim from Found Extra Money, LLC, assignee for Jason Thornton. Supporting documentation has been provided. The Tax Collector requests approval of the above recommended motion. Notice of this recommendation was sent to the claimants by certified mail.

**Impact on Citizens and Businesses**

Excess proceeds are being released to the deed of trust holder of the property.

**ATTACHMENTS (if needed, in this order):**

Copies of the Excess Proceeds Claim forms and supporting documentation are attached.

CLAIM FOR EXCESS PROCEEDS FROM THE SALE OF TAX-DEFAULTED PROPERTY  
(SEE REVERSE SIDE FOR FURTHER INSTRUCTIONS)

To: Don Kent, Treasurer-Tax Collector  
Re: Claim for Excess Proceeds  
TC 192 Item 782 Assessment No.: 534092002-9  
Assessee: THORNTON, JASON  
Situs: 554 E SAN ANDREAS RD BANNING  
Date Sold: March 20, 2012  
Date Deed to Purchaser Recorded: May 11, 2012  
Final Date to Submit Claim: May 13, 2013

RECEIVED  
2012 JUN 24 PM 3:04  
RIVERSIDE COUNTY  
TREASURER-TAX COLLECTOR

I/We, pursuant to Revenue and Taxation Code Section 4675, hereby claim excess proceeds in the amount of \$ 11,000 from the sale of the above mentioned real property. I/We were the  lienholder(s),  property owner(s) [check in one box] at the time of the sale of the property as is evidenced by Riverside County Recorder's Document No. 2012-0002233, recorded on 01/04/2012. A copy of this document is attached here to. I/We are the rightful claimants by virtue of the attached assignment of interest. I/We have listed below and attached hereto each item of documentation supporting the claim submitted.

NOTE: YOUR CLAIM WILL NOT BE CONSIDERED UNLESS THE DOCUMENTATION IS ATTACHED.

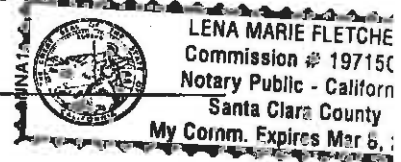
- Assignment of Deed of Trust • verification of Mortgage
- Substitution of Trustee
- Tax deed to Purchaser of Tax defaulted property
- Notice of Power to Sell

If the property is held in Joint Tenancy, the taxsale process has severed this Joint Tenancy, and all Joint Tenants will have to sign the claim unless the claimant submits proof that he or she is entitled to the full amount of the claim, the claimant may only receive his or her respective portion of the claim.

*Lena Marie Fletcher*

I/We affirm under penalty of perjury that the foregoing is true and correct.

Executed this 19 day of July, 2012 at Santa Clara, CA  
County, State



Signature of Claimant

Signature of Claimant

Jon Freeman  
Print Name

Print Name

4300 Stevens Creek Blvd # 275  
Street Address

Street Address

San Jose, CA 95129  
City, State, Zip

City, State, Zip

(408) 557-0700  
Phone Number

Phone Number

**INSTRUCTIONS FOR FILING CLAIM**

(See Claim Form on Reverse Side)

The California Revenue and Taxation Code, Section 4675, states in part (paraphrased):

For the purposes of this article, parties of interest and their order of priority are:

(a) First, lienholders of record prior to the recordation of the tax deed to the purchaser in the order of their priority; and

(b) Then, any person with title of record to all or any portion of the property prior to the recordation of the tax deed to the purchaser.

If you consider yourself to be a party of interest in the sale of tax-defaulted property as defined above, please fill out the reverse of this form stating how you have determined your status as a party of interest. If you need help in filling out the form, please contact our office by telephone at 951-955-3842, mail, or in person.

You must attach copies of documents to support your claim as follows:

1. In case (a), attach a copy of your trust deed or other evidence of lien or security interest, along with a statement under penalty of perjury setting forth the original amount of the lien or interest, the total amount of payments received reducing the original amount of the lien or interest, and the amount still due and payable as of the date of the sale of the tax defaulted property by the Tax Collector.

2. In case (b), attach copies of any other documents (e.g., deed, certified death certificate, will, court order, etc.) supporting your claim.

**PLEASE NOTE:** We cannot, by law, begin processing of claims until one year has passed from the date of the deed to the purchaser. In order to receive consideration by the Riverside County Board of Supervisors, claims must be filed **ON OR BEFORE THE EXPIRATION OF ONE YEAR** following the date of the recording of the deed to the purchaser. Please see the "Date Deed to Purchaser Recorded" appearing on the attached notice (Form 117-170). The Tax Collector will submit a recommendation to the County Board of Supervisors as to what disposition should be made on your claim. Following the Board's review, the claim will either be approved or denied. The Clerk of the Board of Supervisors will notify you of the action taken by the Board. Should the claim be approved, the Auditor-Controller will issue a County warrant in payment. By law, the Auditor-Controller cannot issue a warrant in payment of the approved claim until 90 days following the action taken by the Board.

**MAIL COMPLETED FORMS TO:**

---

Don Kent, Treasurer-Tax Collector  
Post Office Box 12005  
Riverside, CA 92502-2205

Attention: Excess Proceeds

DOC # 2012-0002233  
01/04/2012 11:06 AM Fees: \$21.00  
Page 1 of 2  
Recorded in Official Records  
County of Riverside  
Larry W. Ward  
Assessor, County Clerk & Recorder

\*\*This document was electronically submitted  
to the County of Riverside for recording\*\*  
Received by: CMCALEXANDER

## ASSIGNMENT OF DEED OF TRUST

Prepared by, Recording Requested By and Return to:

Charles Brown  
Brown & Associates  
2316 Southmore  
Pasadena, TX 77502  
713-941-4928



Loan 23218455


**FOR VALUE RECEIVED, U.S. Bank National Association, as Trustee, successor in interest to Bank of America, National Association, as Trustee (successor by merger to LaSalle Bank National Association, as Trustee), for MLMI Trust Series 2006-RM1, its successors and assigns, whose address is c/o BAC Home Loans Servicing, 2575 W Chandler Blvd, Chandler, AZ 85224, does hereby assign and transfer to Stonecrest Income & Opportunity Fund I, LLC, its successors and assigns, forever whose address is 4300 Stevens Creek Blvd., Suite 275, San Jose, CA 95129, effective as of 10/5/2011, all its right, title and interest in and to a certain deed of trust from Jason Thornton, a single man to Mortgage Electronic Registration Systems, Inc. as nominee for Resmae Mortgage Corporation, its successors and assigns for \$199,200.00 dated 12/16/2005 of record on 12/27/2005 at Document Number 2005-1064468, in the Riverside County Clerk's Office, State of California.**

Property Address: 554 San Andreas Rd., Banning, California 92220

Legal Description: Lot 20 of Kay Manor, County of Riverside, State of California, as shown by map on file in Book 27 Page 99 of maps in the office of the county recorder of said county.

Executed this <sup>12-01 PM A.M</sup> 1-\_\_\_\_-2011.

U.S. Bank National Association, as Trustee, successor in interest to Bank of America, National Association, as Trustee (successor by merger to LaSalle Bank National Association, as Trustee), for MLMI Trust Series 2006-RM1

  
By: Ariel Moran  
Title: Assistant Secretary

ACKNOWLEDGMENT

STATE OF ARIZONA

COUNTY OF MARICOPA

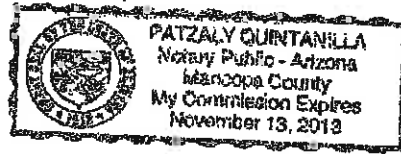
Before me, the undersigned officer, on this day, personally appeared Ariel Moran the ~~Assistant Secretary~~ of U.S. Bank National Association, as Trustee, successor in interest to Bank of America, National Association, as Trustee (successor by merger to LaSalle Bank National Association, as Trustee), for MLMI Trust Series 2006-RM1, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal this <sup>12-01 PA</sup> ~~4<sup>th</sup>~~ -2011.



Notary Public in and for the State of Arizona  
Notary's Printed Name: Patzaly Quintanilla  
My Commission Expires: ~~11-13-2011~~ 2013  
PA

DOT for \$199,200.00 dated 12/16/2005



NLC Servicing  
4300 Stevens Creek Blvd, Suite 275  
San Jose, CA 95129  
(800)557-7720  
Toll: (408)557-0700

July 11, 2012

### Verification of Mortgage

Loan Number: 108653

**Property Address**  
554 SAN ANDREAS RD  
BANNING CA 92220

#### Borrower Information

JASON THORNTON

#### Account Information

Original Loan Amount:	199,200.00
Original Term:	360
Due Date of Next Payment:	05/01/08
Current Principal Bal:	198,790.43
Current Interest Rate:	8.75000
P&I Payment:	1,591.33
Subsidy Payment:	.00
T&I Payment:	.00
Misc Insurance Payment:	.00
<b>Total Payment:</b>	<b>1,591.33</b>

#### General Information

Funding Date: 12/23/05  
Maturity Date: 01/01/36  
Loan Type: Conventional  
Loan Plan: HmServ4 Transf: \$1591.33

#### Important Information

**See Loan Activity Report Attached For Payment History On Loan.**

**Requested By:**

**Prepared By:**

Signed By: \_\_\_\_\_

Date: July 11, 2012

## Green, Shawana

---

**From:** Stephanie Johnson <SJohnson@stonecrest.net>  
**Sent:** Wednesday, December 10, 2014 7:58 AM  
**To:** Green, Shawana  
**Subject:** Requests Docs- TC 192 Item 782  
**Attachments:** SIOF Operating Agreement signed.pdf; SIOF1 Articles of Organization.pdf; Jon Freeman Driver's License Exp-2016.pdf; Payoff Statement 554 San Andreas Rd.pdf

Hello Ms. Green,

Thank you so much again for all of your help with this. Please see the attached documents for our operating agreement, articles of incorporation, Mr. Freeman's Driver's License and a statement of monies owed. Please let me know if there is anything else that you need.

Regards,

*Stephanie Johnson*

Stonecrest Income and Opportunity Fund I, LLC  
4300 Stevens Creek Blvd., Suite 275  
San Jose, CA 95129  
(408) 557-0700 x233  
(408) 207-0121 fax

**This firm is a debt collector attempting to collect this debt for our client and any information obtained will be used for that purpose. Unless you dispute the validity of this debt, or any portion thereof, within thirty (30) days of receipt of this letter, this firm will assume that the debt is valid. If you notify this firm in writing within the thirty (30) day period that the debt, or any portion thereof, is disputed, this firm will obtain verification of the debt and mail you a copy. If you request in writing within the thirty (30) day period, this firm will provide you with the name and address of the original creditor if different from the current creditor. If you dispute this debt, please forward your request for verification to our firm at the address of NLC Servicing, Inc. 4300 Stevens Creek Blvd. Suite 275, San Jose, CA 95129. Our hours of operation are 8:30AM to 5:30PM (PST) Monday through Friday**

 Please consider the environment before printing this email



**OPERATING AGREEMENT**  
**FOR**  
**STONECREST INCOME AND OPPORTUNITY FUND-I, LLC**  
**A CALIFORNIA LIMITED LIABILITY COMPANY**

This Operating Agreement is made as of 02/04, 2009, by and among the parties listed on the signature pages hereof.

**ARTICLE I**

**DEFINITIONS**

When used in this Agreement the following terms shall have the meanings set forth below (all terms used in this Agreement that are not defined in this Article I shall have the meanings set forth elsewhere in this Agreement):

- 1.1 "Act" shall mean the California Limited Liability Company Act, as the same may be amended from time to time.
- 1.2 "Affiliate" shall mean any individual, partnership, corporation, trust or other entity or association, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with a Member. The term "control," as used in the immediately preceding sentence, means, with respect to a corporation or limited liability company, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and with respect to any individual, partnership, trust, other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.
- 1.3 "Agreement" shall mean this Operating Agreement, as originally executed and as amended from time to time.
- 1.4 "Articles" shall mean the Articles of Organization for the Company originally filed with California State and as amended from time to time.
- 1.5 "Bankruptcy" shall mean: (a) the filing of an application by a Member for, or his or her consent to, the appointment of a trustee, receiver, or custodian of his or her other assets; (b) the entry of an order for relief with respect to a Member in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time; (c) the making by a Member of a general assignment for the benefit of creditors; (d) the entry of an order, judgment, or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of a Member, unless the proceedings and the person appointed are dismissed within ninety (90) days; or (e) the failure by a Member generally to pay his or her debts, as the debts become due, within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of his or her inability to pay his or her debts as they become due.

- 1.6 "Capital Account" shall mean with respect to any Member the capital account which the Company establishes and maintains for such Member pursuant to Section 3.3.
- 1.7 "Capital Contribution" shall mean the total value of cash and fair market value of real property contributed and/or services rendered or to be rendered to the Company by Members.
- 1.8 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.
- 1.9 "Common Membership Interest Members" shall refer to the Manager, which is contributing services to the Company.
- 1.10 "Company" shall mean Stonecrest Income and Opportunity Fund I, LLC, a California limited liability company.
- 1.11 "Company Minimum Gain" shall have the meaning ascribed to the term "Partnership Minimum Gain" in the Regulations Section 1.704-2(d).
- 1.12 "Corporations Code" shall mean the California Code, as amended from time to time, and the provisions of succeeding law.
- 1.13 "Dissolution Event" shall mean, with respect to the Manager, one or more of the following: the death, insanity, withdrawal, resignation, expulsion, bankruptcy, dissolution or occurrence of any other event which terminates the continued membership of the Manager, unless the other Members consent to continue the business of the Company pursuant to Section 8.1.
- 1.14 "Distributable Cash or Property" shall mean the amount of cash or property which the Manager deems available for distribution to the Members, taking into account all Company debts, liabilities, and obligations of the Company then due and amounts which the Manager deems necessary to place into reserves for customary and usual claims with respect to the Company's business.
- 1.15 "Economic Interest" shall mean a person's share of one or more of the Company's Net Profits, Net Losses, and distributions of the Company's assets pursuant to this Agreement and the Act, but shall not include any other rights of a Member, including without limitation, the right to vote or participate in the management.
- 1.16 "Economic Interest Owner" shall mean the owner of an Economic Interest who is not a Member.
- 1.17 "Fiscal Year" shall mean the Company's fiscal year, which shall be the calendar year.
- 1.18 "Former Manager" shall have the meaning ascribed to it in Section 8.1.
- 1.19 "Former Manager Interest" shall have the meaning ascribed to it in Section 8.1.
- 1.20 "Interest" shall mean an ownership interest of (a) a Member or (b) an Economic Interest Owner, as the case may be.
- 1.21 "Majority Interest" shall mean one or more Percentage Membership Interests of Preferred Membership Interest Holders, which taken together exceed fifty percent (50%) of the aggregate of all Preferred Membership Interest Holders.
- 1.22 "Manager" or "Managers" shall mean Stonecrest Managers, Inc., a California corporation.

1.23 **"Member"** shall mean (a) a Subscriber or investor or person or entity contributing cash or real property who has been admitted to the Company as a Preferred or Common Interest Member in accordance with the Subscription Documents or (b) an assignee who has become a Member in accordance with Article VII of this Agreement and, with respect to both subsections (a) and (b) above, has not resigned, withdrawn, been expelled or, if other than an individual, dissolved.

1.24 **"Member Nonrecourse Debt"** shall have the meaning ascribed to the term "Partner Nonrecourse Debt" in Regulations Section 1.704-2(b)(4).

1.25 **"Member Nonrecourse Deductions"** shall mean items of Company loss, deduction, or Code Section 705(a)(2)(b) expenditures, which are attributable to Member Nonrecourse Debt.

1.26 **"Membership Interest"** shall mean a Preferred Membership Interest. It shall also mean a Member's entire interest in the Company including the Member's Economic Interest (Capital Account plus any interest in Net Income and/or Profits), the right to vote on or participate in the management, and the right to receive information concerning the business and affairs of the Company.

1.27 **"Maximum Offering"** shall have the meaning set forth in the subsection entitled "Offering" set forth in this Section.

1.28 **"Minimum Offering"** shall have the meaning set forth in the subsection entitled "Offering" set forth in this Section.

1.29 **"Net Profits"** and **"Net Losses"** shall mean the income, gain, loss, deductions, and credits of the Company in the aggregate or separately stated, as appropriate, determined in accordance with generally accepted accounting principles employed under the method of accounting at the close of each fiscal year on the Company's information tax return filed for federal income tax purposes.

1.30 **"Nonrecourse Liability"** shall have the meaning set forth in Regulations Section 1.752-1(a)(2).

1.31 **"Offering"** shall mean the offering of Membership Interests of the Company as more fully described in the Offering Memorandum and the other Subscription Documents. The Company anticipates raising from such sales a maximum of \$20,000,000 (the "Maximum Offering") to finance the business of the Company.

1.32 **"Percentage Interest"** shall mean the percentage ownership of a Member set forth opposite the name of such Member under the column "Member's Percentage Interest" in Attachment A hereto; as such percentage may be adjusted from time to time pursuant to the terms of this Agreement. Percentage Interests shall be determined annually, unless otherwise provided herein, in accordance with the relative proportions of the Capital Accounts of the Members, effective as of the first day of the Company's Fiscal Year, but with all distributions under this Agreement to be deemed to have occurred on such day immediately prior to determination of the Percentage Interest of a Member.

1.33 **"Person"** shall mean an individual, general partnership, limited partnership, limited liability company, corporation, trust, estate, real estate investment trust association or any other entity.

1.34 **"Preferred Membership Interest Holders"** or **"Preferred Members"** or **"Members"** shall refer to the investors who contribute cash or real property for their Membership Interests.

1.35 "Regulations" shall, unless the context clearly indicates otherwise, mean the regulations currently in force as final or temporary that have been issued in the U.S. Department of Treasury pursuant to its authority under the Code.

1.36 "Remaining Members" shall have the meaning ascribed to it in Section 8.1.

1.37 "Subscriber" shall mean a person who has (a) executed the Subscription Agreement Signature Page to this Agreement; (b) signed and delivered the Subscription Documents and delivered payment in full for its Membership Interest and (c) has complied with all of the other requirements contained in the Subscription Documents (as such term is hereinafter defined). A Subscriber may become a Member by meeting the requirements of the Subscription Agreement and this Agreement.

1.38 "Subscription Agreement" the Subscription Agreement pursuant to which a person may subscribe to purchase Membership Interests in the Company.

1.39 "Tax Matters Partner" shall be Stonecrest Managers, Inc., a California corporation, or its successor as designated pursuant to Section 9.8.

## ARTICLE II

### ORGANIZATIONAL MATTERS

2.1 **Formation.** Pursuant to the Act, the Members have formed an California limited liability company under the laws of the state of California by filing the Articles of Organization. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights and obligations of any Member are different by any reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement, to the extent permitted by the Act, shall control.

2.2 **Name.** The name of the Company shall be "Stonecrest Income and Opportunity Fund-I, LLC." The business of the Company may be conducted under the name, or upon compliance with applicable laws, any other name that the Manager deem appropriate or advisable. The Manager shall file any fictitious name certificates and similar filings, and any amendments thereto, that the Manager consider appropriate or advisable.

2.3 **Term.** The term of this Agreement shall be co-terminus with the period of duration of the Company provided in the Articles, unless extended or sooner terminated as hereinafter provided.

2.4 **Office and Agent.** The Company shall continuously maintain an office and registered agent in the state of California as required by the Act. The principal office of the Company shall be where the Managers may determine. The Company also may have such offices, anywhere within and outside the state of California as the Managers from time to time may determine, or as the business of the Company may require. The registered agent shall be as stated in the Articles or as otherwise determined by the Managers.

2.5 **Addresses and Percentage Interests of the Members and the Managers.** The respective addresses of the Members and the Managers and the Percentage Interests of the Members are set forth on Attachment A.

2.6 **Purpose of Company.** The nature of the business of the Company and the purposes for its organization and existence shall be limited solely to:

(a) Acquiring, renovating, owning, operating, holding, and reselling various single family houses (the "Property" or "Properties").

(b) To engage in any lawful act or activity and to exercise any powers permitted to limited liability companies under the laws of the State of California or any other state that are related or incidental to the foregoing and necessary, to accomplish any of the matters contemplated by this Section.

### ARTICLE III

#### CAPITAL CONTRIBUTIONS

##### 3.1 Initial Capital Contributions.

a. **Company.** The Company acknowledges that the Manager will be deemed to have contributed services as its Initial Capital Contribution.

b. **Additional Member.** The Company plans on raising capital to carry out the business of the Company by selling to investors for cash or for real property contribution the Maximum Offering of 4,000 Preferred Membership Interests at the price of \$5,000 per Interest (with the Company reserving the right to sell additional Preferred Interests). Each investor will be obligated to purchase a minimum of 20 Preferred Membership Interests. However, the Company reserves the right to sell to any investor less than the minimum investment. The Company may admit as Members investors whose subscriptions for such Preferred Membership Interests are accepted by the Company pursuant to the terms of the Subscription Documents.

3.2 **Additional Capital Contributions.** Existing Common and Preferred Membership Interest Holders shall not be required to make additional Capital Contributions in the event the Manager has to increase the size of the capital of the Company in the future. Notwithstanding any event of the Company increasing the size of its capital the Common and Preferred Membership Interest Holders may voluntarily make additional Capital Contributions if and to the extent they so desire, and if the Managers determine that such additional Capital Contributions are necessary or appropriate for the conduct of the Company's business, including without limitation, expansion or diversification. The Common and Preferred Membership Interest Holders who make such additional contributions shall be considered to have made a loan to the Company. The Company will record on its books and records such loans. These loans will bear an annual simple interest rate based on the prime rate charged by the Bank of America plus 2%. The annual interest payments will be made prior to any Common or Preferred Membership Interest Holder distributions during operations. At the dissolution of the Company, or from distributions from the sale of Company assets, these loans shall be repaid prior to any distributions to Members.

3.3 **Capital Accounts.** The Company shall establish an individual Capital Account for each Member. The Company shall determine and maintain each Capital Account in accordance with Regulations Section 1.704-1(b)(2)(iv). If a Member transfers all or a part of his or her Membership Interest in accordance with this Agreement, such Member's Capital Account attributable to the transferred Membership Interest shall carry over to the new owner of such Membership Interest pursuant to Regulations Section 1.704-1(b)(2)(iv)(1).

3.4 **No Interest.** No Member shall be entitled to receive any interest on his or her Capital Contributions except as otherwise provided herein.

### ARTICLE IV

#### MEMBERS

4.1 **Limited Liability.** Except as required under the Act or as expressly set forth in this Agreement, no Member shall be personally liable for any debt obligation or liability of the Company, whether that liability or obligation rises in contract, tort, or otherwise.

**4.2 Admission of Additional Members.** The Manager may admit to the Company additional Members. Any additional Members shall obtain Preferred Membership or Common Membership Interests and will participate in the management, Net Profits, Net Losses, and distributions of the Company on such terms as are determined by the Manager. Notwithstanding the foregoing, substitute members may only be admitted in accordance with Article VII.

**4.3 Withdrawals or Resignations of Manager.** The Manager who is under an obligation to render services to the Company may withdraw or resign as Manager at any time upon 120 days prior written notice to the Company, without prejudice to the rights, if any, of the Company or the other Members. Such Manager's Membership Interest shall be subject to purchase and sale as provided in Section 8.2.

**4.4 Termination of Manager Membership Interest.** Upon the transfer of a Manager's Membership Interest in violation of this Agreement, the occurrence of a Dissolution Event as to such Manager which does not result in the dissolution of the Company or the withdrawal of the Manager in accordance with Section 4.3, the Membership Interest of the Manager shall be purchased by the Company or remaining Preferred Membership Interest Holders, as provided herein.

**4.5 Transactions with the Company.** Subject to any limitations set forth in this Agreement and with the prior approval of the Manager after full disclosure of the Member's involvement, a Member may lend money to and transact other business with the Company. Subject to other applicable law, such Member has the same rights and obligations with respect thereto as a person who is not a Member.

**4.6 Remuneration to Member.** Except as otherwise authorized in, or pursuant to, this Agreement, no Member is entitled to remuneration for acting in the Company business, subject to the entitlement of Managers or Members to reasonable compensation pursuant to Section 10.3.

**4.7 Members are not Agents.** Pursuant to Section 5.1 and the Articles, the management of the Company is vested in the Manager. No Member, acting solely in the capacity of a Member, is an agent of the Company, nor can any Member in such capacity bind nor execute any instrument on behalf of the Company.

**4.8 Voting Right.** Except as expressly provided in this Agreement or the Articles, Members shall have no voting, approval or consent rights. Members shall have the right to approve or disapprove matters as specifically stated in this Agreement including the following:

(a) **Majority Approval.** The following matters shall require the majority vote, approval or consent of Members who are not the subject of a Dissolution Event or an assignor of a Membership Interest:

(i) Any amendment of the Articles of Organization or this Agreement.

(ii) A decision to compromise the obligation of a Member to make a Capital Contribution or return money or property paid or distributed in violation of the Act.

(b) **Approval by Members Holding a Majority Interest.** Except as set forth in Section 5.3(b) in all other matters in which a vote, approval or consent of the Members is required, a vote, consent or approval of Members holding a Majority Interest (or in instances in which there are defaulting Members, non-defaulting Members who hold a majority of the Percentage Interests held by all non-defaulting Members) shall be sufficient to authorize or approve such act including without limitation:

(i) A decision to continue the business of the Company after the occurrence of a Dissolution Event;

(c) **Other Voting Rights.** Besides the rights granted in Section 4.8(a), Members may vote, consent or approve by a majority of vote based on Interests owned, unless another percentage vote is indicated on matters described in the following Sections:

- (i) Section 5.2 on election and removal of a Manager;
- (ii) Section 5.3(b) on a change in the purpose of the Company;
- (iii) Section 5.3(b) on reorganization of the Company;
- (iv) Section 5.3(b) on other limitations on the Managers' authority;
- (v) Section 5.8 on transactions with the Managers and Affiliates of the Managers;
- (vi) Section 5.9(a) on management fees payable to Managers; and
- (vii) Section 10.1 on dissolving the Company.

**4.9 Meetings of Members.** No annual or regular meetings of the Members are required. If meetings are held, such meetings shall be noticed, held and conducted pursuant to the Act. Any action required or permitted to be taken by the Members may be taken by the written consent of Members having not less than the minimum number of votes that would be necessary to authorize or take action at a meeting at which all Members entitled to vote on that action at a meeting were present and voted.

#### **4.10 Certificate of Membership Interest.**

(a) **Certificate.** A Membership Interest may be represented by a certificate of membership, (which is sometimes also referred to as a certificate of ownership). The exact contents of a certificate of membership may be determined by action of the Manager, but shall be issued substantially in conformity with the following requirements. The certificates of membership shall be numbered serially as they are issued shall be impressed with the Company seal or a facsimile thereof, if any, and shall be signed by the Manager or officers of the Company. Each certificate of membership shall state the name of the Company, the fact that the Company is organized under the laws of the state of California as a limited liability company, the name of the person to whom issued, the date of issue, and the Percentage Interests represented thereby. A statement of the designations, preferences, qualifications, limitations, restrictions, and special or relative rights of the Membership Interest, if any, shall be set forth in full or summarized on the face or back of the certificates which the Company shall issue, or in lieu thereof, the certificate may set forth that such a statement or summary will be furnished to any holder of a Membership Interest upon request without charge. Each certificate of membership shall be otherwise in such form as may be determined by the Manager.

(b) **Cancellation of Certificate.** All certificates of membership surrendered to the Company for transfer shall be canceled and no new certificates of membership shall be issued in lieu thereof until the former certificates for a like number of Membership Interests shall have been surrendered and canceled except as herein provided with respect to lost, stolen, or destroyed certificates.

(c) **Replacement of Lost, Stolen, or Destroyed Certificate.** Any Member claiming that his or her certificate of membership is lost, stolen or destroyed may make up an affidavit or affirmation of that fact and request a new certificate. Upon the giving of a satisfactory indemnity to the Company as reasonably as required by the Managers, a new

certificate may be issued of the same tenor and representing the same Percentage Interest of membership as was represented by the certificate alleged to be lost, stolen, or destroyed.

## ARTICLE V

### MANAGEMENT AND CONTROL OF THE COMPANY

#### 5.1 Management of the Company by Manager.

(a) **Exclusive Management by Manager.** The business property and affairs of the Company shall be managed exclusively by the Manager. Except for situations in which the approval of the Members is expressly required by the Articles or this Agreement, the Manager shall have full, complete and exclusive authority, power, and discretion to manage and control the business, property and affairs of the Company, to make all decisions regarding all matters, including financing, and to perform any and all other acts or activities customary or incident to the management of the Company's business, property and affairs.

(b) **Agency Authority of Manager.** Subject to Section 5.3(b), any Manager, acting alone, is authorized to endorse checks, drafts, and other evidences of indebtedness made payable to the order of the Company, but only for the purpose of deposit into the Company's accounts. Any one (1) Manager shall be authorized to sign contracts and obligations on behalf of the Company.

Notwithstanding the above, the Manager has the authority, acting alone, to contract for secured financing for the Company's Property.

(c) **Meetings of Managers.** Meetings of the Managers may be called by any Manager or by the chairperson, president, any vice-president or the secretary. All meetings shall be held upon four (4) days notice by mail or forty-eight (48) hours notice delivered personally or by telephone, telegraph or facsimile. A notice need not specify the purpose of any meeting. Notice of any meeting need not be given to any Manager who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior to its commencement, the lack of notice to such Manager. All such waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting. A majority of the Managers present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment shall be given prior to the time of the adjourned meeting to the Managers who are not present at the time of the adjournment. Meetings of the Managers may be held at any place within or outside the state of Louisiana or California, which has been designated in the notice of the meeting or at such place as may be approved by the Managers. Managers may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Managers participating in such meeting can hear one another. Participation in a meeting in such manner constitutes a presence in person at such meeting. A majority of the authorized number of Managers constitute a quorum of the Managers for the transaction of business. Except to the extent that this Agreement expressly requires the approval of all Managers, every act or decision done or made by a majority of the Managers present at a meeting duly held at which a quorum is present is the act of the Managers. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Managers, if any action taken is approved by at least a majority of the required quorum for such meeting. The provisions of this Section 5.1(c) apply also to committees of the Managers and actions taken by such committees.

Any action required or permitted to be taken by the Managers may be taken by the Managers without a meeting, if a majority of the Managers individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a majority vote of such Managers.



The provisions of this Section 5.1(c) govern meetings of the Managers if the Managers elect, in their discretion, to hold meetings. However, nothing in this Section 5.1(c) or in this Agreement is intended to require that meetings of Managers be held, it being the intent of the Members that meetings of Managers are not required.

## 5.2 Election of Manager.

(a) **Number, Term, and Qualifications.** The Company shall initially have one (1) Manager. The number of Managers of the Company shall be fixed from time to time by the affirmative vote or written consent of Members holding a seventy-five percent (75%) Interest, provided that in no instance shall there be less than one Manager. Unless it, he or she resigns or is removed, each Manager shall hold office until a successor shall have been elected and qualified. Managers shall be elected by the affirmative vote or written consent of Members holding a seventy-five percent (75%) Interest. A Manager need not be a Member, an individual, a resident of the state of California or a citizen of the United States.

(b) **Resignation.** Any Manager may resign at any time by giving written notice to the Members and remaining Managers without prejudice to the rights, if any, of the Company under any contract to which the Manager is a party. The resignation of any Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice; and, unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

(c) **Removal.** All or any lesser number of Managers may be removed at any time, with or without cause, by the affirmative vote of Members holding a seventy-five percent (75%) Interest at a meeting called expressly for that purpose, or by the written consent of the Members holding a seventy-five percent (75%) Interest. Any removal shall be without prejudice to the rights, if any, of the Manager under any employment contract and, if the Manager is also a Member, shall not affect the Manager's rights as a Member or constitute a withdrawal of a Member.

A Manager also may be removed by the affirmative vote or written consent of a majority of the remaining Managers if such Manager becomes incapable of fulfilling his or her obligations under this Agreement because of injury or physical or mental illness and such incapacity shall exist for thirty (30) working days in the aggregate during any consecutive six (6) month period.

(d) **Vacancies.** Any vacancy occurring for any reason in the number of Managers may be filled by the affirmative vote or written consent of Members holding a Majority Interest.

## 5.3 Power of Managers.

(a) **Powers of Managers.** Without limiting the generality of Section 5.1, but subject to Section 5.3(b) and to the express limitations set forth elsewhere in this Agreement, the Managers shall have all necessary powers to manage and carry out purposes, business, property, and affairs of the Company, including without limitation, the power to exercise on behalf and in the name of the Company all the powers described in the Act. In addition, the Manager shall have the right and power to carry out any one or all of the following:

(i) To cure any ambiguity in this Agreement, which may arise in the interpretation of the Allocations and Distributions Sections thereof, if such cure is in accordance with the original intent of the Members as determined by the Manager.

(ii) In addition to any amendments otherwise authorized herein, this Agreement may be amended from time to time by the Manager, without the consent of any of the other Members, so as to accomplish the following:

1. To cure any ambiguity, to correct or supplement any provisions herein, which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement, which will not be inconsistent with the provisions of this Agreement.

2. To make ministerial changes in this Agreement to satisfy requirements contained in any opinion, directive, order, ruling or regulation of any federal or state agency or in any federal or state statutes, compliance with which, upon the advice of Company Counsel, is deemed to be in the best interests of the Company.

(b) **Limitations on Power of Managers.** The Managers shall not have authority hereunder to cause the Company to engage in the following transactions without first obtaining the affirmative vote or written consent of a Majority Interest (or such greater Percentage Interests set forth below) of the Members except those transactions described in section 5.2 that require a seventy-five percent (75%) of Interests vote.

(i) The sale, or exchange, or other disposition of all, or substantially all, of the Company's assets occurring as part of a single transaction or plan, except in the orderly sale of the Company's Property, or in liquidation and winding up of the business of the Company.

(ii) Except in the case of the Manager's contribution of the services to the Company, the merger of the Company with another limited liability company or limited partnership shall require the affirmative vote or written consent of Members holding at least fifty-one percent (51%) in Percentage Interests; provided in no event shall a Member be required to become a general partner in a merger with a limited partnership without his express written consent or unless the agreement of Member provides each Member with the dissenter's rights described in the Act.

(iii) Except in the case of the Manager's contribution of the services to the Company, the merger of the Company with a corporation or a general partnership or other person shall require the affirmative vote or written consent of a majority of the Members.

(iv) The establishment of different classes of Members.

(v) An alteration of the primary purpose of the Company as set forth in Section 2.6.

(vi) Except as provided in the Memorandum transactions between the Company and one or more of the Managers or one or more of any Manager's Affiliates, or transactions in which one or more Managers, or one or more of any Manager's Affiliates, has a material financial interest.

(vii) Without limiting subsection (vi), the lending of money by the Company to any Manager, Member, or officer.

(viii) Any act which would make it impossible to carry on the ordinary business of the Company.

(ix) The confession of a judgment against the Company in excess of \$500,000.00.

(x) Any other transaction described in this Agreement as requiring the vote, consent, or approval of the Members except those transactions described in section 5.2 that require a seventy-five percent (75%) of Interests vote.

**5.4 Preferred Members Have No Managerial Authority.** The Preferred Members shall have no power to participate in the management of the Company, except as expressly authorized by this Agreement or Articles and except as expressly required by Act. Unless expressly and duly authorized in writing to do so by Manager or Managers, no Member shall have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, or to render it liable for any purpose.

**5.5 Performance of Duties; Liability of Managers.** A Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, reckless or intentional misconduct, or a knowing violation of law by the Manager. The Managers shall perform their managerial duties in good faith, in a manner they reasonably believe to be in the best interests of the Company and its Members, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. A Manager who so performs the duties of the Manager shall not have any liability by reason of being or having been a Manager of the Company.

In performing their duties, the Managers shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data of the following persons or groups unless they have knowledge concerning the matter in question that would cause such reliance to be unwarranted and provided that the Managers act in good faith and after reasonable inquiry when the need therefore is indicated by the circumstances:

(a) One or more officers, employees or their agent of the Company whom the Managers reasonably believe to be reliable and competent in the matters presented;

(b) Any attorney, independent accountant, or other person as to matters which the Managers reasonably believe to be within such person's professional or expert competence; or

(c) A committee upon which the Managers do not serve, duly designated in accordance with provisions of the Articles of this Agreement, as to matters within its designated authority, which committee the Managers reasonably believe to merit competence.

**5.6 Devotion of Time.** The Managers are not obligated to devote all of their time or business efforts to the affairs of the Company. The Managers shall devote whatever time, effort, and skill as they deem appropriate for the operation of the Company.

**5.7 Competing Activities.** The Managers and their officers, directors, shareholders, partners, members, managers, agents, employees and Affiliates may engage or invest in, independently or with others, any business activity of any type or description including without limitation, those that might be the same as or similar to the Company's business and that might be in direct or indirect competition with the Company. Neither the Company nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom. The Managers are not obligated to present any investment opportunity or prospective economic advantage to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by the Company. The Managers shall have the right to hold any investment opportunity or prospective economic advantage for their own account or to recommend such opportunity to Persons other than the Company. The Members acknowledge that the Managers and their Affiliates own and/or manage other businesses, including businesses that may compete with the Company and for the Managers' time. The Members hereby waive any and all rights and claims which they may otherwise have against the Managers and their

officers, directors, shareholders, partners, members, managers, agents, employees, and Affiliates as a result of any such activities.

**5.8 Transactions Between the Company and the Manager.** Notwithstanding that it may constitute a conflict of interest, the Managers may, and may cause their Affiliates to, engage in any transaction (including without limitation, the acquisition, purchase, sale, lease, or exchange of any property or the rendering of any service, or the establishment of any salary, other compensation, or other terms of employment) with the Company so long as such transaction is not expressly prohibited by this Agreement and so long as the terms and conditions of such transaction, on an overall basis, are fair and reasonable to the Company and are at least as favorable to the Company as those that are generally available from Persons capable of similarly performing them and in similar transactions between parties operating at arm's length.

**5.9 Payments to Managers.** Except as specified in this Agreement and the Private Placement Memorandum, dated February 20, 2009, no Manager or Affiliate of a Manager is entitled to remuneration for services rendered or goods provided to the Company. The Managers and their Affiliates shall receive only the following payments in addition to its Distribution of Cash or Property from Operations:

(a) **Manager Organization Reimbursement.** The Company shall reimburse the Manager and its Affiliates for any costs incurred in connection with the business of the Company prior or subsequent to the closing of the Offering, including without limitation, organization expenses (including without limitation, legal, accounting fees and printing costs) incurred by the Company in connection with the business of the Company and any and all costs incurred to date by the Manager to own any Houses, including, but not limited to, purchase costs, interest costs and expenses.

(b) **Company Management Fee.** For Company management services, the Manager will be paid an annual management fee (paid-out quarterly or monthly) equal to 2% of the Company's asset value (asset value determined by the cost basis of assets) that the Company holds under management for the year.

(c) **Interest in Cash or Other Property from Operations.** Distributions of cash or other property from operations will be made in the discretion of the Manager on a quarterly basis. If the Manager does pay-out a quarterly distribution it will do so as follows: First to the Members an amount of money that will equal one fourth of an annualized 5% simple return on the Members adjusted capital account at the time. Secondly to the Manager an amount of money that will equal 40% of the amount distributed to the Members.

(d) **Interest in Net Income and Profits.** The Manager will be allocated a 50% interest in all the net income and profits earned by the Company. However, the Manager's 50% allocation will be reduced in an amount that provides the Members with at least a return of their original capital plus an annual simple return thereon of 8%, if not previously paid from any sources or quarterly distributions.

**5.10 Conclusive Evidence.** Any action taken by the Managers is conclusive evidence of their authority to bind the Company even if the Articles state that the Company is managed by only one Manager, and is not invalidated as to the Company by any lack of authority of the signing Managers or Manager in the absence of actual knowledge on the part of the other person that the signing Managers or Manager had no authority to execute the same.

**5.11 Limited Liability.** No person who is a Manager or officer or both a Manager and officer of the Company shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in

contract, tort, or otherwise, solely by reason of being a Manager or officer or both a Manager and officer of the Company.

## ARTICLE VI

### ALLOCATIONS OF NET INCOME, PROFITS AND NET LOSSES AND DISTRIBUTIONS

#### 6.1 Allocations of Net Income, Net Loss.

(a) **Net Taxable Loss From Operations.** Net Taxable Loss shall be allocated first pro-rata to the Members and Managers to the extent of any cumulative allocation of profits under the second allocation of profits pursuant to Section 6.1(b), then 100% to the Preferred Membership Interest Holders and Manager in amount equal to their distributions, if any.

Notwithstanding the previous sentence, loss allocations to a Member shall be made only to the extent that such loss allocations will not create a deficit Capital Account balance for that Member in excess of an amount, if any, equal to such Member's share of Company Minimum Gain that would be realized on a foreclosure of the Company's property. Any loss not allocated to a Member because of the foregoing provision shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of losses under this Section 6.1(a)). Any loss reallocated under this Section 6.1(a) shall be taken into account computing subsequent allocations of income and losses pursuant to this Article VI, so that the net amount of any item so allocated and the income and losses allocated to each Member pursuant to this Article VI, to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to this Article VI if no reallocation of losses had occurred under this Section 6.1(a).

(b) **Net Taxable Income from Operations.** Net Taxable Income shall be allocated first pro-rata to the extent of cumulative prior losses allocated pursuant to the first allocation of losses made between Preferred Membership Interest Holders and the Manager under Section 6.1(a), then to the extent of any other losses allocated to Members. Second, to the Preferred Membership Interest Holders and Manager in an amount equal to their distributions, if any.

#### 6.2 Special Allocations.

(a) **Minimum Gain Chargeback.** Notwithstanding Section 6.1, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent fiscal years) in an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain that is allocable to the disposition of Company property subject to a Nonrecourse Liability, which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(g)(2). Allocations pursuant to this Section 6.2(a) shall be made in proportion to the amounts required to be allocated to each Member under this Section 6.2(a). The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f). This Section 6.2(a) is intended to comply with the minimum chargeback requirement contained in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) **Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt.** Notwithstanding Section 6.1 of this Agreement, if there is a net decrease in Company Minimum Gain attributable to a Member Nonrecourse Debt, during any Fiscal Year, each Member who has a share of the Company Minimum Gain attributable to such Member Nonrecourse Debt (which share shall be determined in accordance with Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Fiscal

Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to that portion of such Member's share of the net decrease in Company Minimum Gain attributable to such Member Nonrecourse Debt that is allocable to the disposition of Company property subject to such Member Nonrecourse Debt (which share of such net decrease shall be determined in accordance with Regulations Section 1.714-2(i)(5)). Allocations pursuant to this Section 6.2(b) shall be made in proportion to the amounts required to be allocated to each Member under this Section 6.2(b). The items to be allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) **Nonrecourse Deductions.** Notwithstanding Section 6.1, any non-recourse deductions (as defined in Regulations Section 1.704-2(b)(1)) for any Fiscal Year or other period shall be specially allocated to the Members in proportion to their Percentage Interests.

(d) **Member Nonrecourse Deductions.** Notwithstanding Section 6.1, those items of Company loss, deduction, or Code Section 705(a)(2)(b) expenditures, which are attributable to Member Nonrecourse Debt for any Fiscal Year or other period, shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such items are attributable, in accordance with Regulations Section 1.704-2(i).

(e) **Qualified Income Offset.** Notwithstanding Section 6.1, if a Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), or any other event creates a deficit balance in such Member's Capital Account in excess of such Member's share of Company Minimum Gain, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate such excess deficit balance as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 6.2(e) shall be taken into account in computing subsequent allocations of income, gain, and losses allocated to each Member pursuant to this Article VI to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Section 6.2(e) if such unexpected adjustments, allocations, or distributions had not occurred.

**6.3 Code Section 704(c) Allocations.** Notwithstanding any other provisions in this Article VI, in accordance with Code Section 704(c) and the Regulations promulgated 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 fair market value on the date of contribution. Allocations pursuant to this Section 6.3 are solely for purposes of federal, state and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or other items of distributions pursuant to any provision of this Agreement.

**6.4 Allocation of Net Profits and Losses and Distributions in Respect of a Transferred Interest.** If any Membership Interest is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year of the Company, each item of income, gain, loss, deduction, or credit of the Company for such Fiscal Year shall be assigned pro-rata to each day in the particular period of such Fiscal Year to which such item is attributable (i.e., the day on or during which it is accrued or otherwise incurred) and the amount of each such item so assigned to any such day shall be allocated to the Member based upon his or her respective Membership Interest at the close of such day.

However, for the purpose of accounting convenience and simplicity, the Company shall treat a transfer of, or an increase or decrease in, a Membership Interest which occurs at any time during a semi-monthly period (commencing with the semi-monthly period, including the date hereof) as having been consummated on the last day of such semi-monthly period, regardless of when during such semi-monthly period of such transfer, increase, or decrease actually occurs

(i.e., sales and dispositions made during the first 15 days of any month will be deemed to have been made on the 15th day of the month).

**6.5 Distribution of Cash or other Property From Operations.** Distributions of cash or other property from operations will be made in the discretion of the Manager on a quarterly basis. If the Manager does pay-out a quarterly distribution it will do so as follows: First to the Members an amount of money that will equal one fourth of an annualized 5% simple return on the Members adjusted capital account at the time. Secondly to the Manager an amount of money that will equal 40% of the amount distributed to the Members.

**6.6 Final Distribution of Net Income and Profits.** Final distributions of net income or profits from liquidation will be allocated to provide the following: 50% of all net income and profits earned by the Company from its beginning to its liquidation will be allocated to the Members and 50% to the Manager. However, the Manager's allocation will be reduced in an amount that provides the Members with at least a return of their original capital plus an annual simple return thereon of 8%, if not previously paid from any sources or quarterly distributions. The Managers distribution (if any) of cash flow from operations (not liquidation) will not however have a charge, clawback or lien against it in order to protect the priority of the Preferred Members returns of capital and/or 8% simple annual return.

**6.7 Form of Distribution.** A Member, regardless of the nature of the Member's Capital Contribution, has no right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in any kind in lieu of a proportionate distribution of money being made to other Members. Except upon a dissolution or winding up of the Company, no Member may be compelled to accept a distribution of any asset in kind.

**6.8 Restriction on Distributions.**

(a) No distribution shall be made if, after giving effect to the distribution:

(i) The Company would not be able to pay its debts as they become due in the usual course of business.

(ii) The Company's total assets would be less than the sum of its total liabilities, plus, unless this Agreement provides otherwise, the amount that would be needed if the Company were to be dissolved at the time of the distribution to satisfy the preferential rights of other Members, if any, upon dissolution that are superior to the rights of the Member receiving the distributions.

(b) The Managers may base a determination that a distribution is not prohibited on any of the following:

(i) Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances.

(ii) A fair valuation.

(iii) Any other method that is reasonable in the circumstances.

Except as provided in the Act, the effect of a distribution is measured as of the date the distribution is authorized, if the payment occurs within 120 days after the date of authorization, or the date payment is made, if it occurs more than 120 days of the date of authorization.

**6.9 Return of Distributions.** Except for distributions made in violation of the Act or this Agreement, no Member or Economic Interest Owner shall be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or any creditor of the Company. The amount of any distribution returned to the Company by a Member or Economic Interest Owner or paid by a Member or Economic Interest Owner for the account of the Company or to a creditor of the Company shall be added to the Capital Account or account from which it was subtracted when it was distributed to the Member or Economic Interest Owner.

**6.10 Obligations of Members to Report Allocations.** The Members are aware of the income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their shares of Company income and loss for income tax purposes.

## ARTICLE VII

### TRANSFER AND ASSIGNMENT OF INTERESTS

**7.1 Transfer and Assignment of Interests.** No Member, except the Manager who may acquire unsold Preferred Membership Interests at time of Subscription, shall be entitled to transfer, assign, convey, sell, encumber or in any way alienate all or part of his or her Membership Interest, except with the prior written consent of the Managers, which consent may be given or withheld, conditioned or delayed (as allowed by this Agreement or the Act), as the Managers may determine in their sole discretion. Transfers in violation of this Article VII shall only be effective to the extent set forth in Section 7.7. After the consummation of any transfer of any part of a Membership Interest, the Membership Interest so transferred shall continue to be subject to the terms and provisions of this Agreement and any further transfers shall be required to comply with all the terms and provisions of this Agreement.

**7.2 Further Restrictions on Transfer of Interests.** In addition to other restrictions found in this Agreement, no Member shall transfer, assign, convey, sell, encumber or in any way alienate all or any part of his or her Membership Interest: (i) without compliance with Section 12.10, and (ii) if the Membership Interest to be transferred, assigned, sold or exchanged, when added to the total of all other Membership Interest sold or exchanged in the preceding twelve (12) consecutive months prior thereto, would cause the termination of the Company under the Code, as determined by the Managers.

**7.3 Substitution of Members.** A Transferee of a Membership Interest shall have the right to become a substitute Member only if (i) the requirements of Sections 7.1 and 7.2 relating to consent of Managers, securities laws and the requirements hereof are met, (ii) such person executes an instrument satisfactory to the Managers accepting and adopting the terms and provisions of this Agreement, and (iii) such person pays any reasonable expenses in connection with his or her admission as a new Member. The admission of a substitute Member shall not result in the release of the Member who assigned the Membership Interest from any liability that such Member may have to the Company.

**7.4 Family and Affiliate Transfers.** The Membership Interest of any Member may be transferred subject to compliance with Section 7.2, and without the prior written consent of Managers as required by Section 7.1, if: (i) by inter vivos gift or by testamentary transfer to any spouse, parent, sibling, in-law, child or grandchild of the Member, or (ii) to any Affiliate of the Member; it being agreed that in executing this Agreement, each Member has consented to such transfers.

**7.5 Effective Date of Permitted Transfer.** Any permitted transfer of all or any portion of a Membership Interest shall be effective following the date upon which the requirements of Sections 7.1, 7.2 and 7.3 have been met. The Managers shall provide the Members with written



notice of such transfer as promptly as possible after the requirements of Sections 7.1, 7.2 and 7.3 have been met. Any transfer of a Membership Interest shall be taken subject to the restrictions on transfer imposed by this Agreement.

**7.6 Rights of Legal Representatives.** If a Member who is an individual dies or is adjudged by a court of competent jurisdiction to be incompetent to manage the Member's person or property, the Member's executor, administrator, guardian, conservator, or other legal representative may exercise all of the Member's rights for the purpose of settling the Member's estate or administering the Member's property, including the power the Member has under the Articles or this Agreement to give an assignee the right to become a Member. If a Member is a corporation, trust, or other entity and such entity is dissolved or terminated, the rights of that Member may be exercised by his or her legal representative or successor.

**7.7 No Effect to Transfers in Violation of Agreement.** Upon any transfer of a Membership Interest in violation of this Article VII, the transferee shall have no right to vote or participate in the management of the business, property and affairs of the Company or to exercise any rights of a Member. Such transferee shall only be entitled to become an Economic Interest Owner and thereafter shall only receive the share of one or more of the Company's Net Profits, Net Losses and distributions of the Company's assets to which the transferor of such Economic Interest would otherwise be entitled. Notwithstanding the immediately preceding sentences, if, in the determination of the Managers, a transfer in violation of this Article VII would cause the termination of the Company under the Code, in the sole discretion of the Managers, the transfer shall be null and void and the purported transferee shall not become either a Member or an Economic Interest Owner.

Upon and contemporaneously with any transfer, assignment, conveyance or sale (whether arising out of an attempted charge of that Member's Economic Interest by judicial process, a foreclosure by a creditor of the Member or otherwise) of a Member's Economic Interest, which does not at the same time transfer the balance of the rights associated with the Membership Interest transferred by the Member (including without limitation, the rights of the Member to vote or participate in the management of the business, property, and affairs of the Company), the Company shall purchase for a price of \$100, all remaining rights and interests retained by the Member that immediately before the transfer, assignment, conveyance, or sale were associated with the transferred Economic Interest. Such purchase and sale shall not, however, result in the release of the Member from any liability to the Company as a Member.

Each Member acknowledges and agrees that the right of the Company to purchase such remaining rights and interest from a Member who transfers a Membership Interest in violation of this Article VII is not unreasonable under the circumstances existing as of the date hereof.

## ARTICLE VIII

### CONSEQUENCES OF DEATH, DISSOLUTION, RETIREMENT OR BANKRUPTCY OF MANAGER

**8.1 Dissolution Event.** Subject to section 2.6 hereof, upon the occurrence of a Dissolution Event of the Manager (death, withdrawal or bankruptcy), the Company shall dissolve, unless the Remaining Preferred Membership Interest Holders ("Remaining Members") holding a Majority Interest of the Remaining Preferred Membership Interests ("Remaining Membership Interests") consent within 90 days of the Dissolution Event to continue the business of the Company. If the Remaining Members consent to the continuation of the business of the Company, the Company and/or the Remaining Members shall purchase, and the Manager whose actions or conduct resulted in the Dissolution Event ("Former Manager") or such Former Manager's legal representative shall sell the Former Manager's Membership Interest ("Former Manager's Interest") as provided in this Article VIII to avoid dissolution of the Company.

**8.2 Withdrawal.** Notwithstanding Section 8.1, only upon the withdrawal by a Manager in accordance with Section 4.3 will such Manager be treated as a Former Manager, and will the Company and/or the Remaining Members be obligated to purchase, and will the Former Manager be obligated to sell the Former Manager's Interest as provided in this Article VIII.

**8.3 Purchase Price.** The purchase price for the Former Manager's Interest shall be the Capital Account balance of the Former Manager as adjusted pursuant to Section 3.3, plus the value of the Former Manager's Interest in Net Income and Profits pursuant to Sections 6.1(b), 6.4 and 6.5 (the "Manager's Participation Interest"); provided, however, that if the Former Manager, such Former Manager's legal representative or the Company, deems the Capital Account balance plus the Manager's Participation Interest to vary from the fair market value of the Former Manager's Interest by more than 10%, such party shall be entitled to require an appraisal by providing notice of the request for appraisal within 60 days after the determination of the Remaining Members to continue the business of the Company. In such event, the value of the Former Manager's Interest shall be determined by three independent appraisers, one selected by the Former Manager or such Former Manager's legal representative, one selected by the Company, and one selected by the two appraisers so named. The fair market value of the Former Manager's Interest shall be the average of the two appraisals closest in amount to each other. In the event the fair market value is determined to vary from the Capital Account balance plus the Manager's Participation Interest by less than 10%, the party requesting such appraisal shall pay all expense of all the appraisals incurred by the party offering to enter into the transaction at the Capital Account plus the Manager's Participation Interest valuation. In all other events, the party requesting the appraisal shall pay one-half of such expense and the other party shall pay one-half of such expense. Notwithstanding the foregoing, if the Dissolution Event results from a breach of this Agreement by the Former Manager, the purchase price shall be reduced by an amount equal to the damages suffered by the Company or the Remaining Members as a result of such breach.

**8.4 Notice of Intent to Purchase.** Within 30 days after the Managers have notified the Remaining Members as to the purchase price of the Former Manager's Interest determined in accordance with Section 8.3, each Remaining Member shall notify the Managers in writing of his or her desire to purchase a portion of the Former Manager's Interest. The failure of any Remaining Member to submit a notice within the applicable period shall constitute an election on the part of the Member not to purchase any of the Former Manager's Interest in the same proportion that the Percentage Interest of the Remaining Member bears to the aggregate of the Percentage Interests of all the Remaining Members electing to purchase the Former Manager's Interest.

**8.5 Election to Purchase Less than all of the Former Manager's Interest.** If any Remaining Member elects to purchase none or less than all of his or her pro-rata share of the Former Manager's Interest, then the Remaining Members can elect to purchase more than their pro-rata share. If the Remaining Members fail to purchase the entire interest of the Former Manager, the Company may purchase any remaining share of the Former Manager's Interest.

**8.6 Payment of Purchase Price.** The purchase price shall be paid by the Company or the Remaining Members, as the case may be, by either of the following methods, each of which may be selected separately by the Company or the Remaining Members:

(a) The Company or the Remaining Members shall, at the closing, pay in cash the total price for the Former Manager's Interest; or

(b) The Company or the Remaining Members shall pay, at the closing, one-fifth (1/5) of the purchase price. In which case, the balance of the purchase price shall then be paid in ten equal annual principal installments, plus accrued interest, and be payable each year on the anniversary date of the closing. The unpaid principal balance shall accrue interest at the current applicable federal rate as provided in the Code for the month in which the initial payment is

made, but the Company and the Remaining Members shall have the right to prepay in full or in part at any time without penalty. The obligation to pay the balance due shall be evidenced by a promissory note, and if purchased by a Remaining Member, secured by a pledge of the Membership Interest being purchased.

**8.7 Closing of Purchase of Former Manager's Interest.** The closing for the sale of a Former Manager's Interest, pursuant to this Article VIII, shall be held at 10:00 a.m. at the principal office of the Company no later than 60 days after the determination of the purchase price, except that if the closing date falls on a Saturday, Sunday or California legal holiday, then the closing shall be held on the next succeeding business day. At the closing, the Former Manager or such Former Manager's legal representative shall deliver to the Company or the Remaining Members an instrument of transfer (containing warranties of title and no encumbrances) conveying the Former Manager's Interest. The Former Manager or such Former Manager's legal representative, the Company and the Remaining Members shall do all things and execute and deliver all papers as may be necessary to fully consummate such sale and purchase in accordance with the terms and provisions of this Agreement.

**8.8 Purchase Terms Varied by Agreement.** Nothing contained herein is intended to prohibit Members from agreeing upon other terms and conditions for the purchase by the Company or any other Member of the former Managers Membership Interest to be purchased.

## ARTICLE IX

### ACCOUNTING, RECORDS, REPORTING BY MEMBERS

**9.1 Books and Records.** The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting methods followed for federal income tax purposes. The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business. The Company shall maintain at its principal office in California all of the following:

(a) A current list of the full name and last known business or residence of each Member and Economic Interest Owner, together with the Capital Contributions, Capital Account and Percentage Interest of each Member and Economic Interest Owner;

(b) A current list of the full name and last known business or residence address of each Manager;

(c) A copy of the Articles and any and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed;

(d) Copies of the Company's federal, state and local income tax or information returns and reports, if any, for the six most recent taxable years;

(e) A copy of this Agreement and any and all amendment thereto, together with executed copies of any powers of attorney pursuant to which this Agreement to any amendments thereto have been executed;

(f) Copies of the financial statements of the Company, if any, for the six most recent Fiscal Years; and

(g) The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four Fiscal Years.

**9.2 Delivery to Members and Inspection.**

(a) Upon the request of any Member or Economic Interest Owner for purposes reasonably related to the Interest of that person as a Member or Economic Interest Owner, the Managers shall promptly deliver to the requesting Member or Economic Interest Owner, at the expense of the Company, a copy of the information required to be maintained by Sections 9.1(a), (b) and (d), and a copy of this Agreement.

(b) Each Member, Manager and Economic Interest Owner has the right, upon reasonable request for purposes reasonably related to the interest of the person as Member, Manager or Economic Interest Owner, to:

(i) inspect and copy, during normal business hours, any of the Company records described in Sections 9.1(a) through (g); and

(ii) obtain from the Managers, promptly after their becoming available, a copy of the Company's federal, state and local income tax or information returns for each Fiscal Year.

(c) Members representing at least 5% of the Percentage Interest, or three or more Members, make a written request to the Managers for an income statement of the Company for the initial three-month, six-month, or nine-month period of the current Fiscal Year, ended more than 30 days prior to the date of request, and a balance sheet of the Company, as of the end of that period. Such statement shall be accompanied by the report thereon, if any, of the independent accountants engaged by the Company or, if there is no report, the certificate of a Manager that the statement was prepared without audit from the books and records of the Company. If so requested, the statement shall be delivered or mailed to the Members within 30 days thereafter.

(d) Any request, inspection or copying by a Member or Economic Interest Owner under this Section 9.2 may be made by that person or that person's agent or attorney.

(e) The Managers shall promptly furnish to a Member a copy of any amendment to the Articles of this Agreement executed by a Manager pursuant to a power of attorney from the Member.

### **9.3 Annual Statements.**

(a) The Managers shall cause to be prepared, at least annually, at Company expense, information necessary for the preparation of the Members' and Economic Interest Owners' federal and state income tax returns. The Managers shall send or cause to be sent to each Member or Economic Interest Owner, within 90 days after the end of each taxable year, such information as is necessary to complete federal and state income tax or information returns.

(b) The Managers shall cause to be filed as required with the California regulatory authorities and annual statements required by such agencies.

**9.4 Financial and Other Information.** The Managers shall provide such financial and other information relating to the Company or any other person in which the Company owns, directly or indirectly, an equity interest, as a Member may reasonably request.

**9.5 Filings.** The Managers, at Company expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Managers, at Company expense, shall also cause to be prepared and timely filed with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Articles and all reports required to be filed by the Company, with those entities under the Act or other than current applicable laws, rules, and regulations. If a Manager required by the Act to execute or

file any document fails, after demand, to do so within a reasonable period of time or refuses to do so, any other Manager or Member may prepare, execute and file that document with the state of California.

**9.6 Bank Accounts.** The Managers shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other person.

**9.7 Accounting Decisions and Reliance on Others.** All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Managers. The Managers may rely upon the advice of their accountants as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes.

**9.8 Tax Matters for the Company Handled by Managers and Tax Matters Partner.** The Managers shall, from time to time, cause the Company to make such tax elections as they deem to be in the best interests of the Company and the Members. The Tax Matters Partner, as defined in Code Section 6231, shall represent the Company, at the Company's expense, in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend the Company funds for professional services and costs associated in the overall best interests of the Company. If for any reason the Tax Matters Partner can no longer serve in that capacity or ceases to be a Manager or Member, as the case may be, Members holding a Majority Interest may designate another to be Tax Matters Partner.

## ARTICLE X

### DISSOLUTION AND WIND UP

**10.1 Dissolution.** Subject to section 2.6 hereof, the Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of the following:

- (a) Upon the happening of any event of dissolution specified in the Articles;
- (b) Upon the entry of a decree of judicial dissolution pursuant;
- (c) Upon the Vote of Preferred Membership Interest Holders holding a Majority in Interest or of non-defaulting Preferred Membership Interest Holders holding a majority of the Preferred Membership Interests held by all non-defaulting Preferred Membership Interest Holders pursuant to Section 4.8(b);
- (d) The occurrence of a Dissolution Event and the failure of the Remaining Members to consent in accordance with Section 8.1 to continue the business of the Company within ninety (90) days after the occurrence of such event or the failure of the Company or the Remaining Members to purchase the Former Manager's Interest as provided in Section 8.2; or
- (e) The sale of all or substantially all of the assets of the Company.

**10.2 Certificate of Dissolution.** As soon as possible following the occurrence of any events specified in Section 10.1, the Managers who have not wrongfully dissolved the Company or, if none, the Members, shall execute a Certificate of Dissolution in such form as shall be prescribed by the California Secretary of State and file the Certificate as required by the Act.

**10.3 Winding Up.** Upon the occurrence of any event specified in Section 10.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Managers who have not wrongfully dissolved the Company, or, if none, the Members, shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities of Company

and assets, shall either cause its assets to be sold or distributed, and, if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefore, to be applied and distributed as provided in Section 10.5. The Persons winding up the affairs of the Company shall give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear in the records of the Company. The Managers or Members winding up the affairs of the Company shall be entitled to reasonable compensation for such services.

**10.4 Distributions in Kind.** Any non-cash asset distributed to one or more Members shall first be valued at its fair market value to determine the Net Profit or Net Loss that would have resulted if such asset were sold for such value, such Net Profit or Net Loss shall then be allocated pursuant to Article VI, and the Members' Capital Accounts shall be adjusted to reflect such allocations. The amount distributed and charged to the Capital Account of each Member receiving an interest in such distributed asset shall be the fair market value of such interest (net of any liability secured by such asset that such Member assumes or takes subject to). The fair market value of such asset shall be determined by the Managers or by the Members, or if any Member objects, by an independent appraiser (any such appraiser must be recognized as an expert in valuing the type of asset involved) selected by the Manager or liquidating trustee and approved by the Members.

**10.5 Order of Payment of Liabilities Upon Dissolution.**

(a) After determining that all known debts and liabilities of the Company in the process of winding-up, including without limitation, debts and liabilities to Members who are creditors of the Company have been paid or adequately provided for the remaining assets shall be distributed to the Members according to the allocations and priorities specified in this Agreement.

**10.6 Compliance with Regulations.** All payments to the Members upon the winding-up and dissolution of Company shall be strictly in accordance with the positive capital account balance limitation and other requirements of Regulations Section 1.704-1(b)(2)(ii)(d).

**10.7 Limitations on Payments Made in Dissolution.** Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely at the assets of Company for the return of his or her positive Capital Account balance and shall have no recourse for his or her Capital Contribution and/or share of Net Profits (upon dissolution to otherwise) against the Managers or any other Member except as provided in Article XI.

**10.8 Certificate of Cancellation.** The Managers or Members who filed the Certificate of Dissolution shall cause to be filed in the office of, and on a form prescribed by, the state of California a certificate of cancellation of the Articles upon the completion of the winding-up of the affairs of the Company.

**10.9 No Action for Dissolution.** Except as expressly permitted in this Agreement, a Member shall not take any voluntary action that directly causes a Dissolution Event. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Economic Interests. Accordingly, except where the Managers have failed to liquidate the Company as required by this Article X, each Member hereby waives and renounces his or her right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company on the ground that (a) it is not reasonably practicable to carry on the business of the Company in conformity with the Articles or this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member. Damages for breach of this Section 10.9 shall be

monetary damages only (and not specific performance), and the damages may be offset against distribution by the Company to which such Member would otherwise be entitled.

## ARTICLE XI

### INDEMNIFICATION AND INSURANCE

**11.1 Indemnification of Agents.** 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 or proceeding by reason of the fact that he or she is or was a Member, Manager, officer, employee or other agent of the Company, or that being or having been such a Member, Manager, officer, employee or agent, he or she is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to hereinafter as an "Agent"), to the fullest extent permitted by applicable law may hereafter, from time to time, permit. The Managers shall be authorized, on behalf of the Company, to enter into indemnity agreements, from time to time, with any person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Managers deem appropriate in their business judgment.

**11.2 Insurance.** The Company shall have the power to purchase and maintain insurance on behalf of any person who is or was an agent of the Company against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as an agent, whether or not the Company would have the power to indemnify such person against such liability under the provisions of Section 11.1 or under applicable law.

## ARTICLE XII

### MISCELLANEOUS

**12.1 Counsel to the Company.** Counsel to the Company may also be counsel to any Affiliate of a Manager. The Managers may execute on behalf of the Company and the Members any consent to the representation of the Company that counsel may request pursuant to the California Rules of Professional Conduct or similar rules in any other jurisdiction ("Rules"). Each Member acknowledges that Company Counsel does not represent any Member, in the absence of a clear and explicit agreement to such effect between the Member and Company Counsels, and that in the absence of any such agreement, Company Counsel shall owe no duties directly to a Member. In the event any dispute or controversy arises between any Members and the Company, or between any Members or the Company, on one hand, and a Manager (or Affiliate of a Manager) that Counsel may represent either the Company or such Manager (or his Affiliate), or both, in any such dispute or controversy to the extent permitted by the Rules, and each Member hereby consents to such representation.

**12.2 Complete Agreement.** Subject to the provisions of this Section 12.2, the Offering Documents shall be construed as much as possible together as the entire understanding and agreement between the parties with respect to any matter pertaining to the Company or the Offering, and all other correspondence, memoranda or agreements, whether written or oral, express or implied, originating before the date of the execution of the Subscription Documents with respect to the Company, are deemed merged herein and of no further force and effect, unless otherwise specifically stated.

**12.3 Priority of Documents.** In the event that there is an inconsistency or alleged inconsistency between any of the Offering Documents, the Offering Documents shall be interpreted in the following order of priority: Articles, this Agreement and Offering Documents.

**12.4 Binding Effect.** Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective successors and assigns.

**12.5 Parties in Interest.** Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under, or by reason of this Agreement, on any persons other than the Members and Managers and their respective successors and assigns; nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person any right of subrogation or action over or against any party to this Agreement.

**12.6 Pronouns; Statutory References.** All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Regulations, or the Act, other statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

**12.7 Headings.** All headings herein are inserted only for the convenience and ease of reference and are not to be considered in the construction or interpretation of any provisions of this Agreement.

**12.8 Interpretation.** In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied virtue of the fact that this Agreement was prepared by, or at the request of, a particular Member or his or her counsel.

**12.9 References to this Agreement.** Numbered or lettered Articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement unless otherwise expressly stated.

**12.10 Jurisdiction.** Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in California in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement, provided such claim is not required to be arbitrated. Each Member further agrees that personal jurisdiction over him or her may be effected by service of process by registered or certified mail and that when so made shall be as if served upon him or her personally within the state of California.

**12.11 Disputed Matters.** Except as otherwise provided in this Agreement, any controversy or dispute arising out of this Agreement, the interpretation of any of the provisions hereof, or the action or inaction of any Member or Manager hereunder shall be submitted to arbitration in Santa Clara County, California before the American Arbitration Association, under the commercial arbitration rules. Any award or decision obtained from any such arbitration proceeding shall be final and binding. Any arbitration award or decision and any judgment thereon may be entered and enforced in any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any Member except (a) an action to compel arbitration pursuant to this subsection or (b) an action to enforce an award obtained in an arbitration proceeding, in accordance with this section.

**12.12 Attachments.** All Attachments attached to this Agreement are incorporated and shall be treated as if set forth herein.

**12.13 Severability.** If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.



**12.14 Additional Documents and Acts.** Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

**12.15 Notices.** Notices required or desired to be given under this Agreement shall be in writing and shall be given by (a) personal delivery (b) first class U.S. mail, postage prepaid, certified return receipt requested; (c) a nationally recognized courier service with guaranteed next day delivery; or (d) facsimile machine by a Member's legal counsel to another Member or its legal counsel, provided such other Member or its legal counsel has a compatible receiving device for such transmission, with a copy sent concurrently by first class mail. Notices shall be directed to the addresses shown on Attachment A, provided that a Member may change its address for notice by giving written notice to all other Members in accordance with this notice section. Notices given personally or by facsimile shall be deemed given on the date sent; by courier, shall be deemed given on the day after the day sent; and by first class mail, five (5) days after the date deposited in the United States mail.

**12.16 Amendments.** All amendments to this Agreement will be in writing and signed by all of the Members.

**12.17 Reliance on Authority of Person Signing Agreement.** If a Member is not a natural person, neither the Company nor any Member will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual or (b) be responsible for the application of distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such entity.

**12.18 No Interest on Company Property: Waiver of Action for Partition.** No Member or Economic Interest Owner has any interest in specific property of the Company, except as otherwise described in the Offering documents. Without limiting the foregoing, each Member and Economic Interest Owner irrevocably waives during the term of the Company any right that he or she may have to maintain any action for partition with respect to the property of the Company.

**12.19 Multiple Counterparts.** This Agreement may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes. The attachment of an original or duplicate copy of the Member Counterpart Signature Page to this Agreement shall be deemed to have the same force and effect as if the Member actually executed this Agreement.

**12.20 Attorney Fees.** In the event that any dispute between the Company and the Members or among the Members should result in litigation or arbitration, the prevailing party shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses.

**12.21 Time is of the Essence.** All dates and time in this Agreement are of the essence.

**12.22 Remedies Cumulative.** The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

**12.23 Special Power of Attorney.**

(a) **Attorney in Fact.** Each Member, by executing a Subscription Agreement, grants the Managers acting jointly and/or severally and the officers a special power of attorney irrevocably making, constituting, and appointing the Managers acting jointly and/or severally and/or officer as the Member's attorney in fact, with all power and authority to act in the

Member's name and on the Member's behalf to execute, acknowledge and deliver and swear to in the execution, acknowledgment, delivery and filing of the following documents related to the business of the Company that are necessary or desirable as determined by the Managers, in their sole discretion, to carry out the day to day activities of the Company, which shall include, by way of illustration, but not of limitation, the following:

(i) Articles of Organization, this Agreement and any amendment to the Articles or this Agreement which, under the laws of the state of California or the laws of any other state, is required to be filed or which the Managers elect to file;

(ii) Any other instrument or document required to be filed by the Company under the laws of any state, or by any governmental agency, or which the Managers elect to file;

(iii) Any consent to the representation of the Company by counsel selected by the Managers as described in Section 12.1;

(iv) Opening and maintaining bank accounts on behalf of the Company;

(v) Depositing, withdrawing, paying, retaining and distributing the Company's funds in any manner consistent with the provisions of this Agreement; and

(vi) Any other document reasonably necessary or desirable as determined by the Managers, in their sole discretion, with respect to the foregoing and to otherwise carry out the business of the Company pursuant to the terms of this Agreement.

(b) **Irrevocable Power.** The special power granted in Section 12.23(a): (i) is irrevocable, (ii) is coupled with an interest; (iii) shall survive a Member's death, incapacity or dissolution; and (iv) shall survive the delivery of an assignment by a Member of the whole or any portion of the interest to an assignee thereof, said special power of attorney shall have the same legal force and effect as if the assignee was an original Member under this Agreement; provided, however, that with respect to the assignor where the assignee thereof has been admitted to the Company as a Member, the power of attorney shall survive the delivery of such assignment for the sole purpose of enabling the Managers and/or the officers to execute, acknowledge and file on behalf of the assignor any instrument necessary to effectuate such assignment.

(c) **Signatures.** Any Manager or officer may exercise the special power of attorney on behalf of each Member by a facsimile signature or by the actual signature of any Manager or officer or by listing all of the Members on an instrument and then executing the instrument with a single signature of the Member acting as an attorney-in-fact for all of the Members.

**12.24 Joint Ownership.** For all purposes hereunder, in those cases in which two persons are indicated as holding a Membership Interest as joint tenants, community property, or tenants in common, the following shall apply:

(a) To the extent required by law, such persons shall be considered as Members hereunder, each shall be deemed to have contributed one-half (1/2) of the capital contribution and to own one-half (1/2) of such Membership interests, and each shall be deemed to have an initial Capital Contribution consisting of one-half (1/2) of the capital contribution as set forth opposite their respective names;

(b) For purposes of voting upon or consenting to any actions or matters, as provided herein or by law, the vote or consent of either such person shall, unless both such persons are present and voting or indicate otherwise in writing, be deemed to be the vote or consent of both such persons. In the event that both are present and voting or submit written

consents or refusals, each shall vote as to one-half (1/2) of the Membership Interests, which may be voted by both;

(c) Upon the death of either such person and the passing of the decedent's interest by any means, to the survivor of such persons, such passing is hereby established as a passing carrying with it the right to be a Substituted Member as to the decedent's interest by virtue of this provision and without the requirement or consent of any other Member; provided that the assignee complies with Section 7.3 hereof;

(d) Any proposed transfer and offer shall, if made, be deemed made by both such persons as the Offering Partner and shall be deemed applicable to their joint interest herein;

(e) All elections made by either of such persons to acquire an Interest owned hereunder by another shall bind both such persons; and

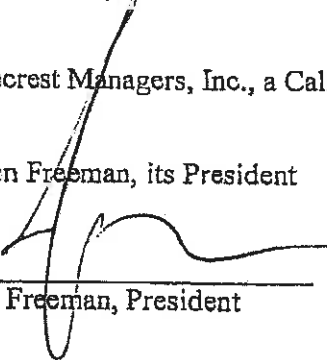
(f) Any notices given to either person shall, unless the Company is otherwise advised in writing, be deemed notice to both persons.

IN WITNESS WHEREOF, the Founding Member of Stonecrest Income and Opportunity Fund-I, LLC has executed this Agreement, and each of the Members, by actual signature of the Subscription Agreement, shall be deemed to be attached to this Agreement (whether or not actually so attached) have executed this Agreement effective, in all instances, as of the date written above.

**MANAGER (FOUNDING MEMBERS):**

Stonecrest Managers, Inc., a California corporation

By Jon Freeman, its President

  
\_\_\_\_\_  
Jon Freeman, President

ATTACHMENT A

NAMES, ADDRESSES, AND INTERESTS OF THE MEMBERS

NAME & ADDRESS OF MEMBERS	CAPITAL CONTRIBUTION	PERCENTAGE INTEREST
---------------------------	----------------------	---------------------

COMMON:

Stonecrest Managers, Inc., a California corporation 4300 Stevens Creek Road, Suite 275 San Jose, CA 95129	Services	100%
--	----------	------

PREFERRED:

Jon Freeman or Nominee 4300 Stevens Creek Blvd., Suite 275 San Jose, CA 95129	\$200,000	
--	-----------	--

State of California  
Secretary of State



I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

MAR 04 2009

DEBRA BOWEN  
Secretary of State



State of California Secretary of State

LLC-1 File #

200904410124

LIMITED LIABILITY COMPANY ARTICLES OF ORGANIZATION

ENDORSED - FILED in the office of the Secretary of State of the State of California

FEB 04 2009

A \$70.00 filing fee must accompany this form.

IMPORTANT - Read instructions before completing this form.

This Space For Filing Use Only

ENTITY NAME (Enter the name with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively.)

1. NAME OF LIMITED LIABILITY COMPANY Stonecrest Income and Opportunity Fund-I, LLC

PURPOSE (The following statement is required by statute and should not be altered)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

INITIAL AGENT FOR SERVICE OF PROCESS (If the agent is an individual, the agent must reside in California and both items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and item 3 must be completed (leave item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS Jon Freeman

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE 4300 Stevens Creek Blvd., Suite 275 San Jose CA 95129

MANAGEMENT (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:

- ONE MANAGER (checked)
MORE THAN ONE MANAGER
ALL LIMITED LIABILITY COMPANY MEMBER(S)



ADDITIONAL INFORMATION

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

EXECUTION

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT WHICH EXECUTION IS MY ACT AND DEED.

1-28-09 DATE

SIGNATURE OF ORGANIZER

Mark L. ... TYPE OR PRINT NAME OF ORGANIZER

Attorney in fact

Attorney in fact

NLC Servicing, Inc.  
 4300 Stevens Creek Blvd, Suite 275  
 San Jose, CA 95129  
 (844)818-2888  
 Toll: (408)557-0700

December 10, 2014

**Payoff Statement**

Loan Number: 108653  
 Investor: 22 222 444

**Property Address**  
 554 SAN ANDREAS RD  
 BANNING CA 92220

**Borrower**  
 JASON THORNTON  
 554 SAN ANDREAS RD  
 BANNING CA 92220

JASON THORNTON  
 554 SAN ANDREAS RD  
 BANNING CA 92220

**Account Information**

Loan Type: Conventional  
 Interest Calculation Method: Conventional Loan - 360  
 Estimated Payoff Date: 12/31/14  
 Due Date Next Payment: 05/01/08  
 Current Interest Rate: 8.75000  
 Daily Interest Rate: .00024306  
 Daily Interest Amount: 48.32  
 Number of Days Interest Due: 2465

**Balances**

T&I Balance: .00  
 Delinquent Late Charges: .00  
 Returned Check Balance: .00  
 Miscellaneous Fee Balance: .00  
 Unapplied Balance: .00  
 Subsidy Balance: .00  
 Deferred Principal Balance: .00  
 Calc Late Charges (Due Date to Payoff Date) 6,365.60

**Amounts for Payoff**

Principal Balance: 198,790.43  
 + Interest Due: 119,108.80  
 - Unapplied Balance: .00  
 - T&I Balance: .00  
 - Subsidy Balance: .00  
 + Delinquent Late Charges Due: .00  
 + Calculated Late Charges: 6,365.60  
 + Returned Check Charges Due: .00  
 + Total FCL/Bank Fees Due: .00  
 + MIP/PMI Payment Due: .00  
 + Miscellaneous Fees Due: .00  
 - Loss Draft Balance: .00

**Total Amount Due** **324,264.83**

**Important Information**

**CLAIM FOR EXCESS PROCEEDS FROM THE SALE OF TAX-DEFAULTED PROPERTY**  
(SEE REVERSE SIDE FOR FURTHER INSTRUCTIONS)

To: Don Kent, Treasurer-Tax Collector

Re: Claim for Excess Proceeds

TC 192 Item 782 Assessment No.: 534092002-9

Assessee: THORNTON, JASON

Situs: 554 E SAN ANDREAS RD BANNING

Date Sold: March 20, 2012

Date Deed to Purchaser Recorded: May 11, 2012

Final Date to Submit Claim: May 13, 2013

I/We, pursuant to Revenue and Taxation Code Section 4675, hereby claim excess proceeds in the amount of \$29,000.00 (approx) from the sale of the above mentioned real property. I/We were the  lienholder(s),  property owner(s) [check in one box] at the time of the sale of the property as is evidenced by Riverside County Recorder's Document No. 2005-1064467; recorded on 12/27/2005. A copy of this document is attached here to. I/We are the rightful claimants by virtue of the attached assignment of interest. I/We have listed below and attached hereto each item of documentation supporting the claim submitted.

**NOTE: YOUR CLAIM WILL NOT BE CONSIDERED UNLESS THE DOCUMENTATION IS ATTACHED.**

---

---

---

---

If the property is held in Joint Tenancy, the taxsale process has severed this Joint Tenancy, and all Joint Tenants will have to sign the claim unless the claimant submits proof that he or she is entitled to the full amount of the claim, the claimant may only receive his or her respective portion of the claim.

I/We affirm under penalty of perjury that the foregoing is true and correct.

Executed this 10<sup>th</sup> day of MAY, 2013 at LOS ANGELES, CA  
County, State

Alvarez Family Found Extra Money, LLC  
Signature of Claimant

\_\_\_\_\_  
Signature of Claimant

DENNIS A. MURPHY  
Print Name

\_\_\_\_\_  
Print Name

9420 RESEDA BLVD, # 830  
Street Address

\_\_\_\_\_  
Street Address

NORTHRIDGE, CA 91324  
City, State, Zip

\_\_\_\_\_  
City, State, Zip

(888) 867-4785  
Phone Number

\_\_\_\_\_  
Phone Number



ASSIGNMENT OF RIGHT TO COLLECT EXCESS PROCEEDS

To expedite processing of this claim, we would strongly suggest you use this form. For this form to be valid it must be completed in its entirety and documentation establishing the assignor's claim as a "party of interest" must be provided at the time this document is filed with the Treasurer-Tax Collector. PLEASE SEE REVERSE SIDE OF THIS DOCUMENT FOR FURTHER INSTRUCTIONS.

As a party of interest (defined in Section 4675 of the California Revenue and Taxation Code), I, the undersigned, do hereby assign to FOUND EXTRA MONEY, LLC my right to apply for and collect the excess proceeds which you are holding and to which I am entitled from the sale of assessment number 534092002-9 sold at public auction on MARCH 20, 2013. I understand that the total of excess proceeds available for refund is \$29,000.00 (original) and that I AM GIVING UP MY RIGHT TO FILE A CLAIM FOR THEM. FOR VALUABLE CONSIDERATION RECEIVED I HAVE SOLD THIS RIGHT OF COLLECTION (assignment) TO THE ASSIGNEE. I certify under penalty of perjury that I have disclosed to the assignee all facts of which I am aware relating to the value of this right I am assigning.

[Signature]  
(Signature of Party of Interest/Assignor)

JASON THORNTON  
(Name Printed)

15416 CANYONSTONE DR.  
(Address)

MORENO VALLEY, CA 92551  
(City/State/Zip)

(951) 334-6193  
(Area Code/Telephone Number)

STATE OF CALIFORNIA )ss.  
COUNTY OF \_\_\_\_\_ )

On May 8, 2013 before me, Milzi Turner, Notary Public personally appeared Jason Thornton, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the forgoing paragraph is true and correct.

WITNESS my hand and official seal.  
[Signature]  
(Signature of Notary)

SEE ATTACHMENT  
(This area for official seal)

I, the undersigned, certify under penalty of perjury that I have disclosed to the party of interest (assignor), pursuant to Section 4675 of the California Revenue and Taxation Code, all facts of which I am aware relating to the value of the right he is assigning, that I have disclosed to him the full amount of excess proceeds available, and that I HAVE ADVISED HIM OF HIS RIGHT TO FILE A CLAIM ON HIS OWN WITHOUT ASSIGNING THAT RIGHT.

[Signature]  
(Signature of Assignee)  
FOUND EXTRA MONEY, LLC

DENNIS A. MURPHY  
(Name Printed)

9420 REEDA BLVD., #830  
(Address)

NORTHEIDGE, CA 91324  
(City/State/Zip)

STATE OF CALIFORNIA )ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.  
\_\_\_\_\_  
(Signature of Notary)

(This area for official seal)

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

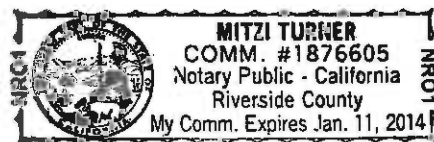
County of Riverside

On May 8, 2013 before me, Mitzi Turner, Notary Public  
(Here insert name and title of the officer)

personally appeared Jason Thornton

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is are subscribed to the within instrument and acknowledged to me that he she they executed the same in his her their authorized capacity(ies), and that by his her their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.



WITNESS my hand and official seal.

Mitzi Turner  
Signature of Notary Public

(Notary Seal)

## ADDITIONAL OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

Assignment of Right to Collect Excess Proceed  
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 1 Document Date 3/20/12

(Additional information)

### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer
- \_\_\_\_\_ (Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other \_\_\_\_\_

### INSTRUCTIONS FOR COMPLETING THIS FORM

*Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.*

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are ) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document



TICOR TITLE  
SAN BERNARDINO

RECORDING REQUESTED BY:  
Keller Williams Realty Escrow Division

AND WHEN RECORDED MAIL TO:  
AND MAIL TAX STATEMENT TO:  
Jason Thornton

DOC # 2005-1064467

12/27/2005 08:00A Fee:27.00

Page 1 of 1 Doc T Tax Paid  
Recorded in Official Records

County of Riverside

Larry W. Ward  
Assessor, County Clerk & Recorder



Order No.  
Escrow No. 05-2316-RC  
Parcel No. 534092-002-9

TRA: 001-000

M	S	U	PAGE	SIZE	DA	PCOR	NOCOR	SMF	MISC.
	1		1				1		AA
A	R	L			COPY	LONG	REFUND	NCHG	EXAM

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S) THAT DOCUMENTARY TRANSFER TAX IS \$273.90

X computed on full value of property conveyed, or  
\_\_\_\_\_ computed on full value less liens or encumbrances remaining at the time of sale.  
\_\_\_\_\_ unincorporated area: X Banning, and

27

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
John Leon and Melody Leon, Husband and Wife as Joint Tenants

hereby GRANTS to Jason Thornton, a Single Man

the following described real property in the County of Riverside, State of California:

LOT 20 OF KAY MANOR, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON  
FILE IN BOOK 27, PAGE 99 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Date December 19, 2005

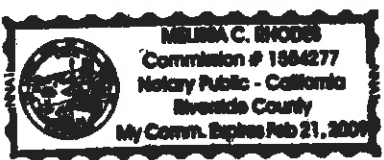
John Leon  
John Leon

Melody Leon  
Melody Leon

STATE OF CALIFORNIA }  
COUNTY OF RIVERSIDE } S.S.

On December 20, 2005, before me, Melissa C. Rhodes, Notary Public  
personally appeared John Leon and Melody Leon personally known to me (or proved to me on the basis of  
satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and  
acknowledged to me that he/she/they executed the same in his/hers/their authorized capacity(ies) and that by  
his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted,  
executed the instrument.

WITNESS my hand and official seal.  
Signature Melissa C. Rhodes



S263339-40

ORIGIN ID: HAFX (818) 349-2252  
MANAGER  
PAK & SHIP ALL  
9420 RESEDA BLVD STE #3

SHIP DATE: 10MAY13  
ACTWTG: 1.0 LB  
CAD: 104678233/NSX12750

Shipping L

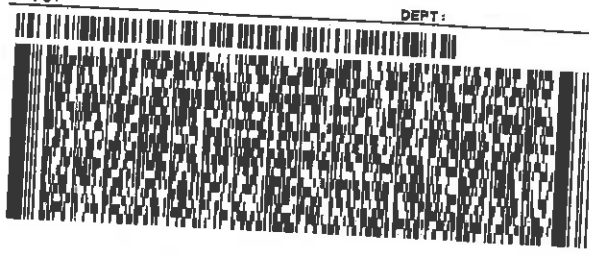

NORTHBRIDGE, CA 91324  
UNITED STATES US

BILL SENDER

TO MR. DON KENT  
RIVERSIDE COUNTY TREASURE-TAX COLLE  
4080 LEMON ST FL 4

RIVERSIDE CA 92501  
(818) 701-0252  
INV: PKG ID: 8148  
REF: DEPT:

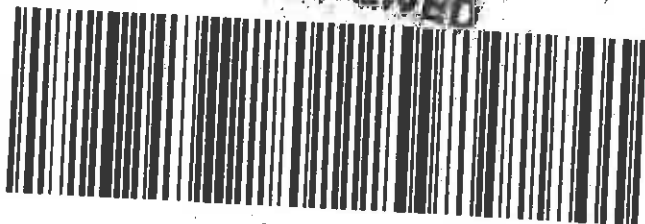
8855/19875

  
**FedEx Express**  
  
16120C1111737

TRK# 7997 3821 0835  
0201

MON - 13 MAY 3:00P  
STANDARD OVERNIGHT

**WM ONTA**  
MAY 13 2010  
RECEIVED  
92501 CA-US ONT



SEE NOTICE ON REVERSE regarding UPS terms, and notice of limitation of liability. Where allowed by law, shipper authorizes UPS to act as forwarding agent for export control and customs purposes. If exported from the US, shipper certifies that the commodity, technology or software were exported from the US in accordance with the Export Administration Regulations. Shipper agrees to file a post-shipment report.

e World On Time.  
**Padded Pa**

**FOUND EXTRA MONEY, LLC**

UNCLAIMED MONEY CONSULTANTS

[WWW.FoundExtraMoney.com](http://WWW.FoundExtraMoney.com)

Email: [Richard@foundextramoney.com](mailto:Richard@foundextramoney.com)

**LAS VEGAS OFFICE:**

8022 S. Rainbow Blvd. #362.

Las Vegas, NV 89139

Toll Free: (888) 867-4785

Fax No: (702) 331-4992

**LOS ANGELES OFFICE**

9420 Reseda Blvd. #830

Northridge, CA 91324

Toll Free: (888) 867-4785

Fax No.: (818) 701-7184

**PLEASE REPLY TO LOS ANGELES OFFICE**

February 21, 2013

Mr. Don Kent

Riverside County Treasurer-Tax Collector

P.O. Box 12005

Riverside, CA 92502

RE: Excess Proceeds Claim: Parcel Number 534-092-002; Claimant: Jason Thornton in the approximate amount of \$29,000.00; Recorded on May 11, 2012

Dear Mr. Kent:

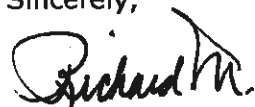
Enclosed for your reference please find the following documents in support of our claim(s) for the excess proceeds resulting from the tax sale of the above-referenced property at the Tax Collector's Public Tax Auction held on March 20, 2012:

1. Certified copy of the deed naming "Jason Thornton" as Party in Interest and last Assessed;
2. Excess Proceeds Claim Form signed by Mr. Jason Thornton that discloses the parcel number, situs, and claimant's affidavit.
3. Assignment of Rights Agreement executed by Mr. Thornton that authorizes the payment of 90% of the excess proceeds funds in the approximate amount of \$26,100.00 to Jason Thornton, and 10 % in the approximate amount of \$2,900.00 to FEM, LLC.
4. Please issue separate checks for the amounts indicated in Item #3.

Please do not hesitate to contact me at 888-867-4785 if you have any questions or if I can be of further assistance.

Thank you.

Sincerely,



Richard/FEM, LLC.

RFM/ck

CORTEZ, FREDDY  
9455 CAMERON STREET  
RANCHO CUCAMONGA, CA 91730

DOC # 2012-0219322  
05/11/2012 03:56P Fee:15.00  
Page 1 of 1 Doc T Tax Paid  
Recorded in Official Records  
County of Riverside  
Larry W. Ward  
Assessor, County Clerk & Recorder



S	R	U	PAGE	SIZE	DA	MISC	LONG	RFD	COPY
M	A	L	465	428	PCOR	NCOR	SMF	NCHG	EXAM
NO SMF						T:	CTY	UNI	026

15



TRA 001-000

Doc. Trans. Tax - computed on full value of property conveyed \$ 36.30

Don Kent Tax Collector

*Don Kent*  
Signature of Declarant

**TAX DEED TO PURCHASER OF TAX-DEFAULTED PROPERTY**

On which the legally levied taxes were a lien for Fiscal Year 2005-2006  
and for nonpayment were duly declared to be in default 2006-534092002-0000  
Default Number

This deed, between the Tax Collector of RIVERSIDE County ("SELLER") and  
CORTEZ, FREDDY, A SINGLE MAN

("PURCHASER") conveys to the PURCHASER free of all encumbrances of any kind existing before the sale, except those referred to in §3712 of the Revenue and Taxation Code, to the real property described herein which the SELLER sold to the PURCHASER at a public auction held on MARCH 20, 2012 pursuant to a statutory power of sale in accordance with the provisions of Division 1, Part 6, Chapter 7, Revenue and Taxation Code, for the sum of \$33,000.00

NO TAXING AGENCY objected to the sale.  
In accordance with law, the SELLER, hereby grants to the PURCHASER that real property situated in said county, State of California, last assessed to THORNTON, JASON, described as follows: 534092002-9  
Assessor's Parcel Number

IN THE CITY OF BANNING  
LOT 20 OF KAY MANOR, IN THE CITY OF BANNING, AS SHOWN BY MAP ON FILE IN BOOK 27, PAGE 99 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

State of California Executed on  
County of Riverside MARCH 20, 2012 By Don Kent  
Tax Collector

On May 1, 2012, before me, Larry W. Ward, Assessor, Clerk-Recorder, personally appeared Don Kent, Treasurer and Tax Collector for Riverside County, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.  
Larry W. Ward, Assessor, Clerk Recorder

By: W. Taylor Seal  
Deputy



**CLAIM FOR EXCESS PROCEEDS**  
(Rev. & Tax Code, Section 4675)

To: Riverside County Treasurer-Tax Collector  
Re: Claim for Excess Proceeds

I hereby certify that I am a party of interest in the following parcel:

Parcel Number: 534-092-002  
Assessee: Jason Thornton  
Situs: 554 San Andreas Rd., Banning, CA 92220  
Date Sold: 3/20/12  
Date Deed to Purchaser Recorded: 5/11/12

I claim excess proceeds under *Revenue and Taxation Code* section 4675. Enclosed is documentation supporting my claim.

I affirm, under penalty of Perjury, that the foregoing is true and correct to the best of my knowledge.

x  2/13/13  
Signature of Claimant/Date

Jason Thornton

Name of Claimant (please print)

Mailing Address:

Daytime Phone: (951) 334-6193

15416 Canyonstone Dr.  
Moreno Valley, Ca.  
92551



**FOUND EXTRA MONEY, LLC**  
UNCLAIMED MONEY CONSULTANTS  
WWW.FoundExtraMoney.com  
Email: Richard@foundextramoney.com

**LAS VEGAS OFFICE:**  
8022 S. Rainbow Blvd. #362  
Las Vegas, NV 89139  
Toll Free: (888) 867-4785  
Fax No: (702) 331-4992

**LOS ANGELES OFFICE**  
9420 Reseda Blvd. #830  
Northridge, CA 91324  
Toll Free: (888) 867-4785  
Fax No.: (818) 701-7184

PLEASE REPLY TO: The Los Angeles Office

**AUTHORIZATION AND FEE AGREEMENT**

The undersigned hereby authorizes Found Extra Money, LLC ("FEM, LLC") to act as its exclusive agent in the preparation and execution of all documents to recover unclaimed funds owed to Claimant(s) directly, or indirectly, either as an individual, trustee, authorized agent for a business entity, or personal agent or representative or heir of an estate.

The undersigned also agrees to pay FEM, LLC the amount of **10% (TEN PERCENT)** of any amount collected. FEM, LLC agrees to pay all processing costs, documentation costs and filing fees. No fee or costs will be charged to Claimant(s) if there is no recovery.

Claimant(s) authorize holder of these funds to issue separate checks payable to Claimant(s) and to FEM, LLC according to the terms of this agreement.

Claimant(s) agree to sign and return all documents necessary to process this claim within three (3) business days of Company's request.

This agreement may be signed in counterparts and a signed copy received electronically, or by fax, shall have full force and effect and be deemed an original.

I/we agree to the above.

Richard M.  
FEM, LLC

Jason Thornton

APPLICANT/CLAIMANT:(Print Name)

APPLICANT/CLAIMANT:(Print Name)

SIGNATURE:

DATE:

SIGNATURE:

DATE:

**FOUND EXTRA MONEY, LLC**  
UNCLAIMED MONEY CONSULTANTS  
**WWW.FoundExtraMoney.com**  
Email: [Richard@foundextramoney.com](mailto:Richard@foundextramoney.com)

**LAS VEGAS OFFICE:**

8022 S. Rainbow Blvd. #362  
Las Vegas, NV 89139  
Toll Free: (888) 867-4785  
Fax No: (702) 331-4992

**LOS ANGELES OFFICE**

9420 Reseda Blvd. #830  
Northridge, CA 91324  
Toll Free: (888) 867-4785  
Fax No.: (818) 701-7184

PLEASE REPLY TO LOS ANGELES OFFICE

March 14, 2013

Mr. Don Kent  
Riverside County Treasurer-Tax Collector  
P.O. Box 12005  
Riverside, CA 92502

Re: Excess Proceeds Claim: APN: 534-092-002/Claimant: Jason Thornton in the approximate amount of \$29,000.00/Sale Date: 03/20/2012/Recorded on May 11, 2012

Dear Mr. Kent:

In support of the original claim that was sent to your office on February 21, 2013, we are providing a signed and notarized Claim for Excess Proceeds and Assignment of Rights from Jason Thornton assigning to FEM, LLC a right to claim 10% of the excess proceeds as per California Law, and satisfying the requirements as specified in the California Revenue and Taxation Code Section 4675.

Please do not hesitate to contact me at (888) 867-4785 if you have any questions, or if I can be of further assistance

Thank you.

Richard/FEM, LLC.

**FOUND EXTRA MONEY, LLC**  
**"FEM, LLC"**

UNCLAIMED MONEY CONSULTANTS

[WWW.FoundExtraMoney.com](http://WWW.FoundExtraMoney.com)

Email: [Richard@foundextramoney.com](mailto:Richard@foundextramoney.com)

**LAS VEGAS OFFICE:**

8022 S. Rainbow Blvd. #362  
Las Vegas NV 89139  
Toll Free: (888) 867-4785  
Fax No: (702) 331-4992

**LOS ANGELES OFFICE**

9420 Reseda Blvd. #830  
Northridge, CA 91324  
Toll Free: (888) 867-4785  
Fax No.: (818) 701-7184

PLEASE REPLY TO: LOS ANGELES OFFICE.

TO: RIVERSIDE COUNTY TREASURER AND TAX COLLECTOR:

RE: CLAIM FOR EXCESS PROCEEDS AND ASSIGNMENT OF RIGHTS (10% TO FEM,LLC):

I HEREBY CERTIFY THAT I AM A PARTY OF INTEREST IN THE FOLLOWING DESCRIBED PARCEL AND CLAIM 90%, OF THE TOTAL AMOUNT OF EXCESS PROCEEDS AVAILABLE TO ME, AS CLAIMANT/ASSIGNOR, AND HEREBY ASSIGN AN ADDITIONAL 10% OF THE TOTAL AMOUNT OF EXCESS PROCEEDS TO FEM, LLC, AS ASSIGNEE, PURSUANT TO REVENUE AND TAX CODE SECTION 4675:

CLAIMANT/ASSESSEE: Jason Thornton

PARCEL NO.: 534-092-002

SITUS: 554 San Andreas Rd., Banning, CA 92220

DATE SOLD: 3/20/2012 DATE RECORDED: 5/11/2012

MY ASSIGNMENT OF RIGHTS TO FEM, LLC, TO CLAIM THE AMOUNT OF 10% OF TOTAL AMOUNT OF EXCESS PROCEEDS FROM SALE OF TAX-DEFAULTED PROPERTY:

FOR VALUABLE CONSIDERATION I, THE UNDERSIGNED (ASSIGNOR), HEREBY ASSIGNS TO FEM, LLC, (ASSIGNEE) ALL RIGHTS, TITLE AND INTEREST TO COLLECT TEN PERCENT (10%) OF THE EXCESS PROCEEDS WHICH I AM ENTITLED TO CLAIM.

I/WE HAVE BEEN ADVISED OF OUR RIGHT TO FILE A CLAIM FOR EXCESS PROCEEDS ON OUR BEHALF. THE PARTIES HAVE DISCLOSED ALL FACTS TO EACH OTHER THAT EACH IS AWARE OF, REGARDING THE VALUE OF THE RIGHTS BEING ASSIGNED, AS REQUIRED BY CALIFORNIA REVENUE AND TAXATION CODE SECTION 4675.

TOTAL AMOUNT OF EXCESS PROCEEDS ELIGIBLE FOR DISTRIBUTION IS \$29,000.00/approx)  
PAYABLE AS FOLLOWS:

90% TO CLAIMANT/ASSIGNOR IN THE AMOUNT OF \$26,100.00

10% TO FEM,LLC. AS ASSIGNEE IN THE AMOUNT OF \$2,900.00

ENCLOSED IS DOCUMENTATION SUPPORTING MY CLAIM. PLEASE ISSUE SEPARATE CHECKS TO EACH PARTY. PLEASE CONTACT FEM, LLC IF ANY QUESTIONS. THANK YOU.

DATED THIS 13<sup>th</sup> DAY OF March, 2013.

  
SIGNATURE:

STATE OF ARIZONA

COUNTY OF MARICOPA

On <sup>13</sup>~~3-19~~-2013 before me, D. SCOURSI, Notary Public  
personally appeared Jason Thornton, who proved to  
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed  
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on  
the instrument the person(s) or the entity upon behalf of which the person(s) acted,  
executed the instrument.

Date: 3-13-2013 Signature: [Signature]

Name (print): Jason Thornton

Address: 15416 Canyonstone DR.

City/State/Zip Code: Moreno Valley, CA 92551

Phone: (951) 334-6193

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal

[Signature]  
SIGNATURE

