

**OPERATING AGREEMENT
OF
THE HEARTH PROJECT, LLC**

This OPERATING AGREEMENT (this "Agreement") of THE HEARTH PROJECT, LLC, a California limited liability company (the "Company"), is entered into as of September 27th, 2011, by and between LOCALCONSTRUCT INVESTORS, LLC, a California limited liability company ("LocalConstruct, LLC" or the "Managing Member"), and CARLTON CALVIN and MARY BLODGETT, Co-Trustees of the Blodgett and Calvin Family Trust, dated June 9, 2001 ("Investor Member", and together with the Managing Member, collectively, the "Members"), with reference to the following facts:

RECITALS:

A. The Members formed the Company under and subject to the provisions of the Beverly-Killea Limited Liability Company Act, set forth in California Corporation Code § 17000 et. seq., as the same may be amended from time to time (the "Act"), for the purpose described below; and

B. The Members desire to enter into this Agreement to define formally and express the terms of such limited liability company and the Members' rights and obligations with respect thereto.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and intending to be legally bound hereby, the parties hereto hereby agree as follows:

**ARTICLE I
ORGANIZATION**

1.1. Organization of Limited Liability Company. This Agreement is made and entered into by and between the Members in order to acquire and own a membership interest in and to manage the Company under the laws of the State of California in accordance with the Act. The Company was organized upon the filing of those certain Articles of Organization of the Company (the "Articles") with the Secretary of State of the State of California on September 27th, 2011, which sets forth the information required by the Act. The parties hereto hereby agree that the rights, duties, powers and obligations of the parties hereto shall be as provided in the Act, except as otherwise provided herein.

1.2. Name. The name of the Company is THE HEARTH PROJECT, LLC. The business of the Company will be conducted under such name, as well as any other name or names as the "Managing Member" (as hereinafter defined) may from time to time determine.

1.3. Trade Name Affidavits. The Company will file such trade or fictitious name affidavits and other certificates as may be necessary or desirable in connection with the formation, existence and operation of the Company (including those filings required in any jurisdiction where the Company owns property).

1.4. Principal Place of Business. The principal place of business of the Company shall be 5482 Wilshire Blvd., No. 325, Los Angeles, California 90036, or at such other place as the Managing Member may from time to time deem advisable.

1.5. Registered Office and Registered Agent. The initial registered office of the Company shall be 5482 Wilshire Blvd., No. 325, Los Angeles, California 90036, and its initial registered agent will be Mr. Casey Lynch. The registered office and registered agent may be changed by the Managing Member from time to time pursuant to the Act.

1.6. Foreign Qualification. The Company shall register to do business in those jurisdictions where it is required to do so. The Company shall file such certificates and instruments as may be necessary or desirable in connection with its organization, existence and operation, all as determined by the Managing Member.

1.7. Purposes. The Company has been formed for the object and purpose of, and the nature of the business (collectively, the **“Company Business”**) to be conducted and promoted by the Company is, engaging in the business of purchasing, owning, financing, constructing upon and holding for investment the Company’s interest in the **“Property”** (as hereinafter defined) and engaging in any and all activities necessary or incidental to the foregoing. Notwithstanding anything herein to the contrary, nothing set forth herein shall be construed as authorizing the Company to possess any purpose or power, or to do any act or thing, forbidden by law to a limited liability company organized under the laws of the State of California.

1.8. Defined Terms. The terms used in this Agreement shall have the meanings specified in this Section 1.8 unless otherwise expressly provided herein or required by law.

(a) **“Acquisition Costs”** shall mean the costs of acquiring the Property, including the gross purchase price and closing costs (e.g., fees and expenses of any lender, escrow charges, title premiums and fees, documentary transfer taxes and legal fees and expenses).

(b) **“Affiliate”** of a Person shall mean any other Person that directly or indirectly, is in control of, is controlled by or is under common control with such first Person or is a director or officer of such first Person or an Affiliate of such first Person. The term **“control”** (including the terms **“controlled by”** and **“under common control with”**) means with respect to any Person, the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise. The Company shall not be deemed an Affiliate of any Member.

(c) **“Agreement”** shall mean this Operating Agreement, as amended from time to time in accordance with the terms of this Agreement.

(d) **“Bankruptcy Event”** with respect to a Person, shall mean the commencement or occurrence of any of the following with respect to such Person: (1) a case under Title 11 of the U.S. Code, as now constituted or hereafter amended, or under any other applicable federal or state bankruptcy law or other similar law; (2) the appointment of (or a proceeding to appoint) a trustee or receiver of any property interest; (3) an attachment, execution

or other judicial seizure of (or a proceeding to attach, execute or seize) a substantial property interest; (4) an assignment for the benefit of creditors; (5) the taking of, failure to take, or submission to any action indicating (after reasonable investigation) an inability to meet its financial obligations as they accrue; or (6) a dissolution or liquidation; provided, however, that an event described in clause (1), (2) or (3) shall not be included if the same is (a) involuntary and not at any time consented to, (b) contested within thirty (30) days of commencement and thereafter diligently and continuously contested, and (c) dismissed or set aside, as the case may be, within ninety (90) days of commencement.

(e) **“Business Day”** shall mean any day except Saturday, Sunday or other day on which commercial banks in the City of Los Angeles, California, are required or authorized by law to close.

(f) **“Business Plan”** shall mean the business plan for the Company prepared by the Managing Member and approved by the Investor Member and attached hereto as Exhibit “B” and incorporated herein.

(g) **“Capital Account”** shall have the meaning set forth in Section 2.2(b).

(h) **“Capital Contribution”** shall mean any money or property, or a promissory note or other binding obligation to contribute money or property permitted by the Act, which a Member contributes to the Company as a Member, for such value as the Managing Member determines in good faith. **“Initial Capital Contribution”** shall mean the initial Capital Contribution to the Company made by a Member pursuant to this Agreement.

(i) **“Code”** shall mean the Internal Revenue Code of 1986, as amended. All references herein to sections of the Code shall include any corresponding provision or provisions of succeeding law.

(j) **“Control”** when used with respect to any Person, shall mean the power to direct the management and policies of such Person, directly or indirectly, through one or more intermediaries, whether through the ownership of voting securities, by contract or otherwise.

(k) **“Distributable Cash”** shall mean the amount, if any, of all cash receipts of the Company from whatever source derived, as of any applicable determination date in excess of the sum of (1) all rents, salaries, supplies, professional fees and general and administrative expenses; (2) all cash disbursements (inclusive of any guaranteed payment within the meaning of Section 707(c) of the Code paid to any Member, including, without limitation, any reimbursements made to any Member) of the Company prior to that date; (3) a reserve, established in the reasonable discretion of the Managing Member, for anticipated cash disbursements that will have to be made before additional cash receipts from third parties will provide the funds thereof (provided, however, that such reserves shall not be established unless and until the Company acquires the Property); (4) all expenses and payments associated with any Project Financing; and (5) all expenses associated with any tax filings of the Company including, without limitation, tax planning or strategizing and tax return preparation, all as determined by the Managing Member in the Managing Member’s reasonable discretion.

(l) “**Economic Interest**” means a Person’s right to share in the income, gains, losses, deductions, credit, or similar items of, and to receive distributions from, the Company, but excludes any other rights of a Member, including, without limitation, the right to vote or to participate in management, or, except as may be provided in the Act, any right to information concerning the Company Business.

(m) “**Eight Percent Priority Return**” shall mean, with respect to a Member, a return with respect to the balance, from time to time, of such Member’s Unreturned Capital Contributions of eight percent (8%) per annum accrued annually, from the date such Unreturned Capital Contributions are made to the date of payment.

(n) “**Eight Percent Unpaid Priority Return**” shall mean, with respect to a Member as of any date, any Member’s aggregate accrued Eight Percent Priority Return as reduced (but not below zero) by the distributions made to such Member pursuant to Section 6.1(a)(2).

(o) “**Final Completion**” of the Project shall mean (i) the completion of construction of the Project (including all punch list items), and (2) the issuance of certificates of occupancy for all of the Units of the Project.

(p) “**Fiscal Year**” shall mean the Company’s fiscal year, which shall be the calendar year, or such other fiscal year required by the Code or Treasury Regulations.

(q) “**Interest**” in the Company shall mean a Member’s rights in the Company at any particular time collectively, including the Member’s Economic Interest in the Company, any right to vote or participate in management, any right to information concerning the Company Business provided by this Agreement or the Act, and such Member’s entire interest under this Agreement.

(r) “**Majority-in-Interest of the Members**” shall mean Members holding sixty-six and two-thirds percent (66 2/3%) or more of the total Percentage Interests held by the Members.

(s) “**Member List**” shall mean a list of the Members, their allocable share of the Initial Capital Contribution and their respective Percentage Interests as set forth on Exhibit “A” hereto, which list shall be maintained by the Managing Member and updated from time to time to reflect transfers and substitutions in the membership of the Company pursuant to Article 7 hereof.

(t) “**Members**” shall mean the individuals and entities identified on Exhibit “A” hereto and all other Persons admitted as substituted Members pursuant to this Agreement.

(u) “**Percentage Interest**” and “**Percentage Interests**” shall have the meanings set forth in Section 2.1.

(v) **“Person”** shall mean an individual, partnership, limited liability company, corporation, joint venture, trust, business trust, association, or similar entity and the heirs, executors, legal representatives, successors and assigns of such entity where the context requires.

(w) **“Project Financing”** shall mean any indebtedness of the Company in connection with the Property. Such Project Financing may be unsecured or secured by the Property.

(x) **“Project”** shall mean the construction of up to twenty-five (25) dwelling units (each, a **“Unit”**) on the Property.

(y) **“Property”** shall mean that certain real property and improvements thereon located at 2022, 2028, 2036 and 2040 Vestal Avenue and 2033 Preston Avenue, Los Angeles, California 90026.

(z) **“Total Project Costs”** shall mean, with respect to the Project, all direct and indirect costs of the Project incurred by the Company through Final Completion (excluding Acquisition Costs), comprising the following costs estimated in the Business Plan, as such Business Plan may be amended to account for any changes in the scope of the Project: (i) design, including architectural, mechanical, electrical, structural and civil engineering, (ii) costs of construction, alteration or renovation, (iii) the purchase price of all furniture, furnishings and equipment, including the transportation and the installation thereof, (iv) any professional fees, (v) project management costs, (vi) any consultant fees, (vii) financing, including fees and interest, (viii) legal and accounting fees with respect to the Company, (ix) insurance maintained by or on behalf of the Company and (x) such other costs as have been incurred as permitted hereunder.

(aa) **“Treasury Regulations”** shall mean the federal income tax regulations, including any temporary or proposed regulations, promulgated under the Code, as such Treasury Regulations may be amended from time to time (it being understood that all references herein to specific sections of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations).

(bb) **“Twenty Percent Priority Return”** shall mean, with respect to a Member, a return with respect to the balance, from time to time, of such Member’s Unreturned Capital Contributions of twenty percent (20%) per annum accrued annually, from the date such Unreturned Capital Contributions are made to the date of payment.

(cc) **“Twenty Percent Unpaid Priority Return”** shall mean, with respect to a Member as of any date, any Member’s Twenty Percent Priority Return as reduced (but not below zero) by the distributions made to such Member pursuant to Section 6.1(a)(2) and (3).

(dd) **“Unreturned Capital Contribution”** shall mean, with respect to a Member, an amount equal to the aggregate Capital Contributions of such Member as reduced (but not less than zero) by the distributions made to such Member pursuant to Section 6.1(a)(1).

1.9. **Rights and Liabilities.** The rights and the liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or liabilities of any Member are different by reason of any provision of this Agreement than they would be in

the absence of such provision, this Agreement shall, to the extent permitted by the Act, control. In the event of a direct conflict between the provisions of this Agreement and the mandatory provisions of the Act, such provisions of the Act will control.

ARTICLE II MEMBERS, MEMBERSHIP INTERESTS

2.1. Names, Addresses and Interests of Members. The respective addresses of the Members, their initial percentage interests in the Company (individually, “**Percentage Interest**,” and collectively, the “**Percentage Interests**”), are set forth on the Member List and incorporated herein. The initial Percentage Interest of each Member shall equal a fraction, expressed as a percentage, the numerator of which is equal to such Member’s Initial Capital Contribution and the denominator of which is equal to the aggregate Initial Capital Contributions of all Members. The Members acknowledge that the Percentage Interests of the Members set forth on the Member List may be altered pursuant to Section 2.3 below. At any time and from time to time, including, without limitation, change in the membership of the Company pursuant to Article 7 hereof or otherwise, the Managing Member may, but shall not be obligated to, circulate to the Members an updated Member List.

2.2. Initial Capital Contributions and Capital Accounts.

(a) As its Initial Capital Contribution to the Company, each Member has contributed or agrees to contribute to the Company the amount set forth opposite its name on the initial Member List. All successors and assigns of all or a portion of such Member’s Percentage Interest pursuant to Article 7 hereof shall be credited with a portion of the Initial Capital Contribution equal to such transferred Percentage Interest, as shall be shown by an update of the Member List.

(b) A separate capital account (a “**Capital Account**”) shall be established and maintained for each Member strictly in accordance with the rules set forth in Section 1.704-1(b)(2)(iv) of the Treasury Regulations. Subject to the preceding sentence, each Member’s Capital Account shall be increased by:

- (1) the amount of money contributed by it to the Company,
- (2) the fair market value of any property contributed by it to the Company (net of any liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752), and
- (3) allocations to it of “Profit” (as hereinafter defined) and other items of book income and gain;

and shall be decreased by:

- (4) the amount of money distributed to it by the Company,

(5) the fair market value of property distributed to it by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Code Section 752), and

(6) allocations of "Loss" (as hereinafter defined) and other items of book loss, expense and deduction;

and shall otherwise be adjusted in accordance with the additional rules set forth in Treasury Regulations Section 1.704-1(b)(2)(iv).

2.3. Initial Offering Period. The initial offering period ("**Initial Offering Period**") shall end October 10, 2011. After the expiration of the Initial Offering Period, the Managing Member shall have the right to issue additional Interests only as set forth in Section 2.4 below, or as otherwise provided elsewhere in this Agreement.

2.4. Admission of Additional Members. After the Initial Offering Period, if additional Capital Contributions are reasonably necessary in the discretion of the Managing Member to protect or preserve the Property, including, without limitation, to pay debt service on the Company's and/or the Property's financing, utilities, real estate taxes and assessments, emergency repairs or other expenditures the Managing Member determines is necessary for the continued ordinary operation of the Company, the Managing Member shall provide written notice of the same to each of the Members to request additional capital. Each Member shall have the right, but not the obligation, in such Member's sole and absolute discretion, to make its share of any requested capital contribution pro rata in accordance with such Member's Percentage Interest within ten (10) Business Days' of such written notice to the Members. Upon the failure of a Member to make its share of any requested cash contribution under this Section 2.4 (the portion thereof not contributed being referred to herein as the "**Deficiency**"), the Managing Member shall have the right to issue additional Interests (an "**Issuance**") in the amount of the Deficiency to either new or existing Members, including, without limitation, the Managing Member. In connection with any Issuance, the respective Percentage Interest of each of the Members shall equal a fraction, expressed as a percentage, the numerator of which is equal to such Member's aggregate Capital Contributions, and the denominator is equal to the aggregate Capital Contributions of all Members.

2.5. No Withdrawal of Capital. No Member shall have the right to withdraw or reduce all or any part of a Capital Contribution or to demand and receive property of the Company or any distribution in return for a Capital Contribution or payment for a dissenting interest.

2.6. No Interest on Capital. Except as expressly provided in this Agreement, no Member shall be entitled to receive interest on its Capital Account or any Capital Contribution.

2.7. Members as Creditors. Any Member may lend money to and transact other business with the Company and, subject to applicable law, has the same rights and obligations with respect thereto as a Person who is not a Member.

2.8. Certificates of Interests. If authorized by all of the Members, the Company shall issue certificates in such form and with such signatures as the Managing Member may determine to evidence the Interests of the Members in the Company.

2.9. Limited Liability. Except as otherwise provided in the Act or this Section 2.9, the debts, obligations and liabilities of the Company (whether arising in contract, tort or otherwise) shall be solely the debts, obligations and liabilities of the Company, and no Member of the Company (including any Person who formerly held such status) shall be liable or shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of such status. No individual, trustee, officer, director, shareholder, member, constituent partner, employee or agent of any entity Member, in his or her individual capacity as such, shall have any personal liability for the performance of any obligation of such Member under this Agreement.

2.10. Capital Return. Any Member who has received the return of all or any part of such Person's Capital Contribution shall have no liability to return such distribution to the Company, except to the extent, and on the terms and conditions, expressly provided by applicable law.

ARTICLE III MANAGEMENT AND CONTROL OF COMPANY BUSINESS

3.1. Management Vested in Managing Member. Except to the extent otherwise provided herein, management and control of the Company shall be vested exclusively in the Managing Member, who shall direct, manage and control the Company Business in its good faith discretion and in accordance with the terms of this Agreement. Except as expressly provided herein or by non-waivable provisions of applicable law, the Managing Member shall have the full and complete authority, power and discretion to manage and control the Company Business, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company Business.

3.2. Removal of Managing Member.

(a) Notwithstanding anything to the contrary set forth in this Agreement, a Majority-in-Interest of the Members, by written vote, may remove the Managing Member for "Cause" (as hereinafter defined) at any time and replace with another Managing Member. For purposes of this Agreement, "Cause" shall mean:

(1) A pattern of gross negligence relating to the business and operation of the Company by the Managing Member, its Affiliates, or any officers of the Company appointed pursuant to Section 3.13 herein ("**Officers**") that continues for a period of fifteen (15) days after written notice from Investor Member specifying same relating to the Company;

(2) Intentional fraud or willful misconduct by the Managing Member, its Affiliates, or any Officers relating to the Company;

(3) Any intentional misappropriation of funds of the Company by the Managing Member, its Affiliates, or any Officers;

(4) Any material breach by Managing Member of this Agreement that continues for fifteen (15) days after written notice from Investor Member specifying same;

(5) The occurrence of a Bankruptcy Event with respect to the Managing Member or LocalConstruct, Inc.

(b) Notwithstanding anything to the contrary, in the event that LocalConstruct, LLC should resign as the Managing Member of the Company or LocalConstruct, LLC shall be removed for Cause as the Managing Member of the Company, (i) LocalConstruct, LLC's distribution percentage pursuant to Section 6.1(a)(3) shall be reduced from 25% to 10%, (ii) 90% of the amounts payable under Section 6.1(a)(3) shall be paid to the Members pro rata in proportion to each Member's Twenty Percent Unpaid Priority Return, until each such Member's Twenty Percent Unpaid Priority Return has been reduced to zero, (iii) LocalConstruct, LLC's distribution percentage pursuant to Section 6.1(a)(4) shall be reduced from 35% to 20% and (iv) the Members' distribution percentage pursuant to Section 6.1(a)(4) shall be increased from 65% to 80%, and any distributions pursuant to Section 6.1(a)(4) shall be made to the Members pro rata in proportion to the Members' respective Percentage Interests.

(c) Any vacancy occurring for any reason in the position of Managing Member may be filled by the affirmative vote of a Majority-in-Interest of the Members.

3.3. Certain Powers. Without limiting the generality of Section 3.1 hereof, but subject to Section 3.4 hereof, the Managing Member shall have the power and authority, on behalf of the Company:

(a) To purchase liability and other insurance to protect the Company's property and business and to protect the assets of the Members;

(b) To from time to time open bank accounts in the name of the Company, with signature authority over such accounts to be vested in such Person(s) as the Managing Member shall determine;

(c) To invest and/or reinvest any Company funds in time deposits, short-term governmental obligations, commercial paper or other similar investments;

(d) To execute, acknowledge (as appropriate) and deliver on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, contracts, partnership agreements, operating agreements of other limited liability companies, and any other instruments or documents necessary, desirable or conducive in the opinion of the Managing Member, to the Company Business, subject to the approval of the Members as set forth in Section 3.4;

(e) To employ accountants, legal counsel, managing agents or other Persons to perform services for the Company and to compensate them from Company funds;

(f) To enter into any and all other agreements on behalf of the Company, in furtherance of Company Business, in such forms as the Managing Member may approve, subject to the approval of the Members as set forth in Section 3.4;

(g) To do and perform all acts in accordance with or in furtherance of the Business Plan, subject to any approval requirements set forth in Section 3.4; and

(h) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company Business, subject to any approval requirements set forth in Section 3.4.

Unless expressly authorized to do so by this Agreement or by a resolution or other agreement executed by the Managing Member, no attorney-in-fact, employee, or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniarily for any purpose. Unless expressly authorized to do so by this Agreement or by a resolution or other agreement executed by the Managing Member, no Person (including any Member) other than the Managing Member, shall have the power or authority to bind the Company as an agent of the Company or to execute any document or to take any other action binding upon the Company, including during the winding up period immediately following the dissolution of the Company.

3.4. Major Decisions. Notwithstanding anything to the contrary set forth in this Agreement, including, without limitation, Section 3.3 hereof, if the Managing Member proposes taking any of the following actions, such action shall not be taken without written approval of the Investor Member (each, a “Major Decision”):

- (a) Any amendment to this Agreement;
- (b) Any act which is outside the scope of the Company Business;
- (c) Construction of improvements to the Property other than pursuant to the Business Plan and/or the plans, specifications and construction contracts approved by the Investor Member;
- (d) The dissolution of the Company pursuant to Section 8.1(a);
- (e) Except as set forth in Section 2.4, admission of any new Member to the Company or the approval of the Transfer of any interest in the Company;
- (f) Any Bankruptcy Event with respect to the Company;
- (g) Acquiring by lease, purchase or otherwise any real property other than the Property;
- (h) Borrowing or incurring an obligation for borrowed funds in any amount, unless such borrowing is a Project Financing incurred in accordance with the Business Plan;
- (i) Accepting contributions or making distributions in a form other than cash;
- (j) Possessing any asset or property of the Company or assigning the rights of the Company in specific assets or property other than exclusively for the benefit of the Company;

(k) Selling all or substantially all of the assets of the Company or the Property;

(l) Entering into any joint venture or similar arrangement or modifying the same with respect to all or any part of the Company's assets or property;

(m) Any merger, consolidation or other similar arrangement of the Company;

(n) Making, executing or delivering on behalf of the Company any assignment for the benefit of creditors, or any guarantee, indemnity bond or surety bond, or obligating the Company as a surety, guarantor or accommodation party to any obligation of a Person other than the Company; or

(o) Making loans of Company funds to any Person.

Notwithstanding anything to the contrary, if the Investor Member fails to respond to a written request by the Managing Member to consent to a Major Decision for ten (10) Business Days after such request is delivered to Investor Member, Investor Member shall be deemed to have consented to such Major Decision.

3.5. Business Plan. Not less frequently than annually, the Managing Member shall prepare a proposed Business Plan for the development, maintenance, improvement and operation of the Property and present that Business Plan to the Investor Member for approval. Amendments and modifications to the Business Plan may be proposed by the Managing Member but shall be approved by the Investor Member. The Business Plan shall include budgets for capital expenditures, replacements, reserves and operating costs for the Property. Each Business Plan and the budgets set forth therein shall be in a form and prepared at a level of detail that is reasonably acceptable to the Investor Member. Investor Member's failure to approve or disapprove in writing any proposed Business Plan within ten (10) Business Days after delivery of such proposed Business Plan shall be Investor Member's deemed approval of such Business Plan. The initial Business Plan for the Company is attached as Exhibit "B" and is deemed approved by the Investor Member.

3.6. Liability for Certain Acts. The Managing Member shall perform its duties in good faith without intentional fraud, gross negligence or willful misconduct, and shall have the right to take account of its own interests and those of its Affiliates above and beyond the interests of the Company. The Managing Member shall not have personal liability for any obligations of the Company solely by reason of being or having been a Managing Member of the Company. Except as expressly set forth in this Agreement, neither the Managing Member nor the Company, in any way, guarantees the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. The Managing Member shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member other than resulting from the gross negligence, willful misconduct or fraudulent act of the Managing Member.

3.7. Managing Member Has No Exclusive Duty to Company. The Managing Member shall not be required to manage the Company as its sole and exclusive function, and the Managing Member may have other business interests and may engage in other activities in

addition to those relating to the Company. The Managing Member shall not be required to devote all of its business time to the Company, but shall devote such time to the Company as the Managing Member deems appropriate in its good faith discretion. Additionally, the Managing Member and the Members, either individually or collectively, may participate in other business ventures of every kind, whether or not those other business ventures compete with the Company. Neither the Company nor any Member shall have any right by virtue of this Agreement to any income or profit derived from any such other business venture.

3.8. Restrictions on Duties. Notwithstanding anything to the contrary contained in this Agreement or otherwise applicable provision of law or equity, the Managing Member and each Member agrees that, to the fullest extent permitted by the Act, no Member (other than the Managing Member) shall have any duties or obligations (including fiduciary duties) to the Company, any Member or any other Person except as expressly set forth in this Agreement. Without limitation on the foregoing, neither the Managing Member nor any Member shall have any fiduciary duty in connection with this Agreement.

3.9. Indemnification of Managing Member and Members.

(a) The Company, its receiver and/or its trustee shall indemnify, defend, save harmless and pay all judgments and claims against the Managing Member, the Members and their respective Affiliates, and each of the Managing Member's, Members' and Company's officers, directors, shareholders, members, constituent partners, managers, employees, attorneys, accountants and agents (collectively and individually, the "**Indemnified Party**" or "**Indemnified Parties**") from any and all claims, losses, costs, damages, liabilities and expenses of any kind whatsoever (collectively, "**Claims**"), including, without limitation, actual attorneys' fees and court costs (which shall be paid as incurred) and liabilities under state and federal securities laws (to the extent permitted by law) that may be made or imposed upon or incurred by any Indemnified Party by reason of any act performed (or omitted to be performed) for or on behalf of the Company, or in furtherance of or in connection with the Company Business, except for those acts performed or omitted to be performed by the party seeking indemnification hereunder which constitute intentional fraud or willful misconduct; provided that, the Company shall not indemnify the Managing Member against any Claims that are the result of the Managing Member's gross negligence, intentional fraud or willful misconduct.

(b) In the event of any action by a Member against any of the Indemnified Parties, including a derivative suit, the Company shall indemnify, defend, save harmless and pay all expenditures of the Indemnified Parties, including actual attorneys' fees incurred in the defense of such action, if the Person so entitled to the indemnification is successful in such action.

(c) Without limitation on Section 3.6 of this Agreement, none of the Indemnified Parties shall be liable to the Members or to the Company for any loss resulting from errors made by any of the Indemnified Parties in good faith or from such acts or omissions, whether or not disclosed, unless such acts or omissions constitute intentional fraud or willful misconduct by the Indemnified Parties in question.

(d) The Company's obligations to indemnify, defend and hold harmless under this Section 3.8 shall not obligate, or impose personal liability on, any of the Members or any of its directors, shareholders, members, constituent partners, managers, officers, employees, attorneys, accountants or agents.

3.10. Right of Third Parties to Rely on the Managing Member. Subject to Section 3.1, any Person (including, without limitation, any bank in which Company funds are deposited) dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by the Managing Member as to:

(a) The identity of the Managing Member;

(b) The existence or nonexistence of any fact or facts which constitute a condition precedent to acts by the Managing Member or which are in any other manner germane to the affairs of the Company;

(c) The Persons who are authorized to execute and deliver any instrument or document or to withdraw funds from any Company bank account of the Company; or

(d) Any act or failure to act by the Company or any other matter whatsoever involving the Company or the Managing Member.

3.11. Reimbursement of Expenses.

(a) To the extent set forth in the Business Plan, the Managing Member, any of its Affiliates, and the Members shall be entitled to reimbursement from the Company of all out-of-pocket expenses reasonably incurred and paid by the Managing Member, such Affiliates or such Members on behalf of the Company upon submission to the Company of reasonably detailed evidence of such expenditures, including, without limitation, the expenses (including, but not limited to, legal and accounting fees) of organizing and forming the Company, and, with respect to the Managing Member or any of its Affiliates, the expenses incurred for the actual cost of goods, outside services, and materials used for or by the Company or in furtherance of the Company Business. The Managing Member and its Affiliates shall also receive reimbursement from the Company for due diligence expenses incurred in connection with the Property. Except as otherwise provided herein, the Managing Member and its Affiliates shall not be reimbursed by the Company for the following expenses: (i) salaries, compensation or fringe benefits of directors, officers, managers or employees of the Managing Member or its Affiliates, and (ii) overhead expenses of the Managing Member or its Affiliates, including, without limitation, rent and general office expenses.

(b) To the extent set forth in the Business Plan, the Company shall pay expenses of the Company, which may include, but are not limited to: (i) all salaries, compensation and fringe benefits of personnel employed by the Company and involved in the Company Business, including Persons who may also be employees of the Managing Member or its Affiliates; and (ii) legal, audit, accounting, consulting and brokerage fees.

3.12. Managing Member Compensation. Unless approved by the Managing Member and a Majority-in-Interest of the Members, and except as set forth herein below, the Managing

Member shall not be entitled to compensation for acting for the Company, other than with respect to the entitlement of the Managing Member for winding up the affairs of the Company if provided in the Act. If approved by a Majority-in-Interest of the Members, with the approval of the Managing Member, the Managing Member may receive compensation for its services, which compensation shall be an expense of the Company.

3.13. Officers. The Managing Member shall be entitled to appoint such officers, with such titles and authority as the Managing Member shall from time to time determine. Any officers so appointed shall hold office at the pleasure of the Managing Member and shall be entitled to exercise such powers as shall be delegated to them by the Managing Member and shall be entitled to exercise such powers as shall be delegated to them by the Managing Member, including executing any documents on behalf of the Company as an “**Authorized Signatory**”. The Managing Member hereby appoints Casey Lynch, an individual (“**Lynch**”), as Vice President of the Company, and Michael J. Brown, an individual (“**Brown**”), as Vice President of the Company. The Managing Member hereby authorizes each of Lynch and Brown in their respective capacities as officers or as an “**Authorized Signatory**” of the Company, acting together or alone, to execute and deliver any and all documents and to take any and all actions in connection with the Company Business. Notwithstanding the foregoing, however, in no event shall any such officer have any authority in excess of that granted to the Managing Member under this Agreement. The Managing Member may remove any officer or Authorized Signatory at any time, in the Managing Member’s sole and absolute discretion, for any reason or no reason.

3.14. Acquisition Fee. The Members acknowledge that the Company shall pay a fee to LocalConstruct, LLC in the sum of two percent (2%) of the gross purchase price of the Property for services rendered in connection with the acquisition of the Property (the “**Acquisition Fee**”). The Acquisition Fee shall be paid concurrently with the closing of the acquisition of the Property by the Company and no Member shall be entitled to receive any distribution from the Company pursuant to this Agreement, including, without limitation, pursuant to Sections 6.1, 6.4 and 8.3, until the Acquisition Fee shall have been paid in full.

3.15. Development Fee. The Members acknowledge that LocalConstruct, Inc., a California corporation (“**LocalConstruct, Inc.**”), an Affiliate of LocalConstruct, LLC, shall be entitled to a fee in the amount of four percent (4%) of the Total Project Costs (the “**Development Fee**”); provided that in no event shall the Development Fee, in the aggregate, be less than One Hundred Thousand and No/100 Dollars (\$100,000.00) (the “**Minimum Development Fee**”). The Development Fee shall be paid in four (4) installments as such Total Project Costs are estimated in the Business Plan upon the achievement of the following milestones:

- (a) Upon the filing of a tract or parcel map in connection with the Project;
- (b) Upon the recording of a tract or parcel map on the Property in connection with the Project. If the Property is sold after a preliminary map is obtained, but prior to recording such preliminary map, the respective installment of the Development Fee shall be paid at the close of escrow for the sale of the Property;
- (c) Upon receiving final framing approval from the building and safety inspector for all Units of the Project; and

(d) Upon receiving certificates of occupancy for all Units of the Project.

Notwithstanding anything to the contrary, the Company shall pay and LocalConstruct, Inc. shall receive an amount equal to not less than the Minimum Development Fee upon the earlier of (i) receiving certificates of occupancy for all of the Units of the Project, and (ii) the sale or other disposition of all or substantially all of the Property, subject to the terms of the Development Contract.

On a quarterly basis, the Company and LocalConstruct, Inc. shall reconcile payments made hereunder to LocalConstruct, Inc. based on the actual Total Project Costs. If the Company shall make any overpayment to LocalConstruct, Inc., the amount of the overpayment shall forthwith be repaid by LocalConstruct, Inc. to the Company within seven (7) Business Days after the Company's request therefor. If the Company shall make any underpayment to LocalConstruct, Inc., the amount of the underpayment shall forthwith be paid by the Company to LocalConstruct, Inc. within seven (7) Business Days after LocalConstruct, Inc.'s request therefor.

3.16. Limitations. Except as expressly set forth in this Agreement, no Member shall have the right or power to cause the termination and dissolution of the Company, and each Member expressly waives any such right he, she or it might otherwise have as a matter of applicable law.

ARTICLE IV ACCOUNTING AND RECORDS

4.1. Records and Accounting. 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 elected to be followed by the Managing Member for federal income tax purposes, shall reflect all Company transactions, and shall otherwise be appropriate and adequate for the Company Business in accordance with the Act.

4.2. Access to Accounting and Other Records. All books and records of the Company shall be maintained at the Company's principal place of business, and each Member, and the Member's duly authorized representatives, shall have access to them at such office of the Company and the right to inspect and copy them at all reasonable times for any purpose reasonably related to such Member's Interest in the Company in accordance with the Act.

4.3. Tax and Other Information. The Company shall deliver to each Member within ninety (90) days after the end of each Fiscal Year, unless an extension has been filed pursuant to Section 4.5, all information necessary for the preparation of each Member's federal and state income tax returns in accordance with the Act as well as any other reports or information required to be provided to the Members pursuant to the Act. Should the Company file an extension pursuant to Section 4.5, the Company shall deliver the information required under this Section 4.3 to the Members as soon as reasonably practicable.

4.4. Tax Matters Partner. LocalConstruct, LLC, at the expense of the Company, shall act as the "Tax Matters Partner" ("TMP"), within the meaning of Code Section 6231(a)(7), of the Company, and the Members agree to perform all acts necessary under Section 6231 of the

Code and the Treasury Regulations thereunder to designate LocalConstruct, LLC as the TMP. To the extent applicable, the TMP shall act in a similar capacity with respect to state and local tax matters.

4.5. Tax Returns; Elections. The Managing Member, at the expense of the Company, shall use commercially reasonable efforts to cause the preparation and timely filing (taking into account extensions of time to file) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required state and local tax returns in each jurisdiction in which the Company owns property or does business. The Managing Member shall have the authority to make, to refrain from making or to revoke any election or other determination required or permitted to be made on behalf of the Company for federal, state and local tax purposes.

4.6. Partnership for Tax Purposes Only. It is the intent of the Members that the Company be operated in a manner consistent with its treatment as a “partnership” for federal and state income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a “partnership” for purposes of Section 303 of the Federal Bankruptcy Code. The classification of the Company as a partnership shall apply only for federal (and, as appropriate, state and local) income tax purposes. This characterization does not create or imply a general partnership between the Members for state law or any other purpose. Instead, the Members acknowledge the status of the Company as a limited liability company formed under the Act. No Member shall take any action that is contrary to this Section 4.6 without the prior written consent of all of the other Members.

ARTICLE V TAX AND ACCOUNTING

5.1. Tax and Accounting. Each and all of the provisions of Exhibit “C” attached hereto and entitled the “Tax Exhibit” (the “**Tax Exhibit**”) are incorporated herein and shall constitute part of this Agreement. The Tax Exhibit provides for, among other matters, the establishment and maintenance of capital accounts, and the allocation of profits and losses of the Company. The Company shall be operated as a partnership solely for state and federal income tax purposes.

ARTICLE VI CASH DISTRIBUTIONS

6.1. Non-Liquidating Distributions.

(a) Distributable Cash. The Company shall distribute all Distributable Cash to the Members at such times as the Managing Member determines. Except as provided in Section 8.3 below, all such amounts shall be distributed to the Members in the following order of priority:

(1) First, to the Members pro rata in proportion to each Member’s Unreturned Capital Contributions, until each such Member’s Unreturned Capital Contribution has been reduced to zero;

8BEN, W-8IMY, W-8ECI, or W-8EXP, as applicable (or such other certifications to such Member's status as may be required by the Regulations promulgated under Code Section 1446).

6.3. Return of Capital Contribution. Except as specifically provided herein, no Member shall have priority over any other Member as to either the return of a Capital Contribution or as to allocations and distributions. Other than as expressly provided in this Agreement, following dissolution of the Company, there has been no agreed upon time when any Capital Contribution of any Member may be returned. No Member shall have the right or power to demand or receive property other than cash in return for his Capital Contribution.

6.4. Liquidating Distributions. Notwithstanding anything to the contrary contained in this Agreement, in the event the Company is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), liquidating distributions shall be made, in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(2), to the Members in accordance with Section 6.1. Notwithstanding anything herein to the contrary, in the event the Company is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), liquidating distributions shall be made by the end of the taxable year in which the Company liquidates or, if later, within ninety (90) days of the date of such liquidation. Notwithstanding anything to the contrary contained in this Agreement, no Member having a negative balance in its Capital Account shall have any obligation to the Company or to any other Member to restore its Capital Account to zero, subject to the provisions of the Act.

ARTICLE VII CHANGES IN MEMBERS

7.1. Involuntary Transfer of Interests. Death, Insanity, Dissolution, Withdrawal, Retirement or Bankruptcy Event of a Member.

(a) The death, insanity, retirement, withdrawal, termination, Bankruptcy Event or dissolution of a Member, or the occurrence of any other event (other than an assignment of a Member's Interest in the Company, which shall be subject to Sections 7.2, 7.3 and 7.4 below) which terminates the continued membership of a Member in the Company (a "**Member Termination Event**") shall not dissolve the Company unless all of the remaining Members of the Company, with the approval of the Managing Member, shall disapprove in writing the continuation of the Company Business (a "**Continuation Disapproval**") within thirty (30) days of the Member Termination Event. The Member whose actions or conduct results in the Member Termination Event ("**Former Member**") shall cease to be a Member with an Interest in the Company as of the Member Termination Event, and such Former Member or such Former Member's successor-in-interest shall (i) have no right to participate in the management of the Company Business or to become a Member, and (ii) have only its Economic Interest in the Company and only be entitled to receive the share of Profits or other compensation by way of income and the return of Capital Contributions to which the transferor of such Economic Interest in the Company would otherwise be entitled; provided that in the event that, excluding the Former Member, as of the Member Termination Event there shall be only one remaining Member, then such remaining Member shall make an election as to whether to continue the Company Business as a single member limited liability company subject to the terms of this Agreement.

(b) A Former Member shall have no right to demand the return of the balance of its Capital Account until such time as the Company is dissolved and wound up.

7.2. Transfer and Assignment of Member's Interest.

(a) Prohibited Transfers. Except as provided in Section 7.2(b), no Member shall be entitled to voluntarily assign, convey, sell, encumber or in any way alienate or transfer (a "Transfer") all or part of such Member's Interest in the Company and as a Member except with the affirmative approval of the Managing Member, which approval may be given or withheld in the Managing Member's sole and absolute discretion, and in accordance with the provisions of this Section 7.2. Subject to the requirement of obtaining the Managing Member's approval to voluntary Transfers as set forth in the preceding sentence (whether of an entire Interest, an Economic Interest, or any portion of either), Transfer of a Member's Economic Interest shall take effect only upon receipt of written notice by the Managing Member of such Transfer, and neither the Company nor the Managing Member (i) shall be liable for directing any distributions otherwise payable to the transferring Member to the recipient of the Economic Interest so specified in the notice, or (ii) shall be obligated to independently verify the accuracy or validity of such notice. Transfers in violation of this Section 7.2 shall only be effective to the extent set forth in Section 7.4(b) hereof. Any Transfer in violation of this Agreement shall be void.

(b) Permitted Transfers. Either Member may permit direct and indirect Transfers of interests in such Member (including the issuance of new interests in such Member) so long as at all times following such Transfer, the following Persons continue to Control such Member and own in the aggregate (directly or indirectly) more than fifty percent (50%) of the equity and profits interests in such Member: (i) those Persons owning direct or indirect interests in such Member as of the date of this Agreement, (ii) family members of any Persons described in (i) above, and/or (iii) partnerships, limited liability companies or trusts formed exclusively for the benefit of any Persons described in (i) or (ii) above. In addition, notwithstanding any provision of this Section 7.2 to the contrary, in no event shall a Transfer of any direct or indirect interest in a Member that arises from the death of any Person holding such interest (whether such Transfer arises under a will, a trust, by operation of law or otherwise) be treated as a violation of the restrictions on Transfers set forth in Section 7.2(a).

7.3. Substitute/Additional Members. A transferee of all or a portion of an Interest pursuant to Section 7.2 above shall have the right to become a Member if (a) the requirements of Section 7.2 hereof, if applicable, are met, (b) such Person executes an instrument reasonably satisfactory to the Managing Member accepting and adopting the terms and provisions of this Agreement, and (c) such Person pays any reasonable expenses incurred by the Company in connection with such Person's admission as a Member, as determined by the Managing Member in its reasonable discretion.

7.4. Effects of Transfer.

(a) Unless otherwise agreed to by the Managing Member, any permitted Transfer of all or any portion of a Member's Interest in the Company will take effect on the earlier to occur of the first day of the month following approval of such Transfer by the Managing Member (if required) and satisfaction of the requirements under Section 7.3 hereof.

Any permitted transferee of an Interest in the Company shall take subject to the restrictions on Transfer imposed by this Agreement.

(b) Notwithstanding any attempted Transfer of a Member's Interest in the Company in violation of this Agreement, the transferee shall have no right to participate in the management of the Company Business or to become a Member, and such transferee shall only be entitled to receive the share of Profits or other compensation by way of income and the return of Capital Contributions to which the transferor of such Economic Interest in the Company would otherwise be entitled.

ARTICLE VIII TERMINATION

8.1. Termination of the Company. Subject to Article 7 of this Agreement, the Company shall be dissolved and its business wound up upon the earliest to occur of the following events:

(a) A determination by a Majority-in-Interest of the Members that the Company should be dissolved;

(b) The sale or other disposition of the last remaining asset of the Company (provided that if the Company receives in whole or in part a note as consideration therefor, the Company shall not be dissolved and its business wound up until such note is repaid in full);

(c) December 31, 2061;

(d) The occurrence of a Member Termination Event if a Continuation Disapproval has been given, as set forth in Section 7.1; or

(e) Upon the entry of a decree of judicial dissolution pursuant to the Act.

8.2. Liquidation. Upon the termination and dissolution of the Company, the Company will immediately proceed to wind up its affairs and liquidate. The Managing Member will act as the liquidating trustee, unless a Majority-in-Interest of the Members appoint a different Person as the liquidating trustee. The winding up and liquidation of the Company will be accomplished in a businesslike manner. A reasonable time will be allowed for the orderly liquidation of the Company and the discharge of liabilities to creditors. The proceeds of such liquidation shall be distributed to the Members in the manner set forth in Section 8.3 below. For purposes of this Section 8.2, "**liquidation**" shall have the meaning given it in Treasury Regulations Section 1.704-1(b)(2)(ii)(g). Any liquidating trustee is entitled to reasonable compensation for services actually performed. Until the filing of a Certificate of Cancellation and a Certificate of Dissolution pursuant to this Agreement, and without affecting the liability of the Members and without imposing liability on the liquidating trustee, the liquidating trustee may settle and close the Company Business, prosecute and defend suits, dispose of its property, and discharge or make provision for its liabilities.

8.3. Priority of Payment. The assets of the Company will be distributed in liquidation in the following order:

(a) To creditors by the payment or provision for payment of the debts and liabilities of the Company (including any loans that may have been made by any Member or Affiliate) and the expenses of liquidation;

(b) To the setting up of any reserves that are reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company; and

(c) To the Members in accordance with Section 6.4.

8.4. Certificate of Cancellation. Upon dissolution of the Company and the completion of the winding up of its business, the Company shall file a Certificate of Cancellation and Certificate of Dissolution (to cancel the Articles and any amendments thereto) with the California Secretary of State pursuant to the Act. At such time, the Company shall also file an application for withdrawal of its certificate of authority in any jurisdiction where it is then qualified to do business.

ARTICLE IX MISCELLANEOUS

9.1. Notices. Whenever any notice, request or consent is required or permitted to be given hereunder, such notice, request or consent shall be in writing, signed by or on behalf of the Person giving the notice, and shall be personally delivered, sent by a reputable overnight courier, sent by facsimile, or mailed by registered or certified mail, postage prepaid, addressed to the Member to whom such notice or request is to be given at the address set forth below the name of each Member on the Member List, or at such other address as shall be stated on a notice similarly given to the Company and all Members. Notices, consents or requests given hereunder shall be deemed to have been given when delivered if personally delivered or if sent by overnight courier, when received if by facsimile, and upon receipt if sent by registered or certified mail (as evidenced by the return-receipt). Notices to the Company shall be delivered to the Managing Member.

9.2. Successors and Assigns. Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their personal representatives, successors, assigns, executors, administrators and heirs. No Person other than the parties hereto and their respective representatives, successors, assigns, executors, administrators and heirs shall have any rights or claims under this Agreement.

9.3. Modification and Amendment. This Agreement may be amended by written agreement of amendment executed by all Members, but not otherwise, unless expressly provided herein.

9.4. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without considering choice of law provisions.

9.5. Time is of the Essence. Subject to Section 9.12, time is of the essence with respect to this Agreement.

9.6. Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No covenant, representation or condition not expressed in this Agreement shall affect, or be effective to interpret, change or restrict, the express provisions of this Agreement.

9.7. Counterparts. This Agreement may be executed in any number of counterparts, with the same effect as if all of the Members and Managing Member had signed the same document and all counterparts shall be construed together and shall constitute one agreement. Telecopied and electronically transmitted signatures may be used in place of original signatures on this Agreement or any document delivered pursuant hereto. The parties intend to be bound by the signatures on any telecopied or electronically transmitted document and are aware that the other parties will rely on any such telecopied or electronically transmitted signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on such telecopied or electronically transmitted signatures.

9.8. Third Parties. The provisions of this Agreement are for the exclusive benefit of the parties hereto and no other Person, including creditors of any party hereto, shall have any right or claim against any party by reason of those provisions or be entitled to enforce any of those provisions against any party. Without limiting the foregoing, nothing contained in this Agreement shall benefit any creditor of the Company or of any Member. No creditor of the Company or of a Member may require a contribution to the capital of the Company or an advance to the Company to be solicited, or a distribution to be made, by the Company, nor may any creditor of the Company or a Member enforce the obligation of a Member to make a Capital Contribution or an advance to the Company.

9.9. 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 the persons or circumstances, shall not be affected thereby.

9.10. Headings and Captions. Headings and captions contained in this Agreement in no way define, limit or expand the scope or intent of this Agreement.

9.11. Pronouns; Statutory References. All pronouns and 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 Treasury Regulations, the Act or other statutes or laws shall include all amendments, modifications or replacements of the specific sections and provisions concerned.

9.12. Non-Business Days. Whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-Business Day, then such period or date shall be extended until the immediately following Business Day.

9.13. Incorporation of Exhibits. All exhibits attached and referred to in this Agreement are hereby incorporated herein as fully set forth in (and shall be deemed to be a part of) this Agreement.

9.14. Effectiveness. In no event shall any draft of this Agreement create any obligation or liability, it being understood that this Agreement shall be effective and binding only when a counterpart hereof has been executed and delivered by each party hereto.

9.15. Further Assurances. Each party to this Agreement agrees to execute, acknowledge, deliver, file and record such further certificates, amendments, instruments and documents, and to do all such other acts and things, as may be required by law or as, in the reasonable judgment of the Managing Member, may be necessary or advisable to carry out the intent and purpose of this Agreement.

9.16. Waivers. No waiver of any provision hereof by any party shall be deemed a waiver by any other party nor shall any such waiver by any party be deemed a continuing waiver of any matter by such party. Neither the failure nor the delay by a party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will constitute a waiver of that right, power or privilege, and no single or partial exercise of right, power or privilege will preclude any other or further exercise of that right, power or privilege or the exercise of any other right, power or privilege.

9.17. Tax Consequences. Each Member acknowledges and agrees that he, she or it has relied fully upon the advice of its own legal counsel and/or accountant in determining the tax consequences of this Agreement and the transactions contemplated hereby and not upon any representations or advice by the Managing Member, any counsel to the Company or the Managing Member, or any other Member.

9.18. Representations and Warranties of the Members.

(a) Each Member hereby represents and warrants to the Managing Member, the Company and each other Member as follows:

(1) Its acquisition of an Interest is made as a principal for its sole account for investment purposes only and not with a view toward the distribution of all or any portion thereof and that under no circumstances will it sell, transfer or assign all or any portion of its Interest except in compliance with the provisions of this Agreement.

(2) It is relying on its own business and financial knowledge and experience, or that of its advisors, in making a decision to enter into and execute this Agreement. It has such knowledge and experience in business and financial matters as enables it to utilize the information made available to it in connection with the investment, to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(3) It is an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), because one or more of the statements on Exhibit "D" attached hereto is applicable to it.

(4) It is aware of the restrictions on Transfer of its Interest hereunder and that the same may not be freely transferable or be assignable otherwise than to a Person or entity accepting similar restrictions on transferability.

(5) It has no reason to anticipate any change in personal circumstances, financial or otherwise, which should cause it to sell or distribute or necessitate or require any sale or distribution of its Interest.

(6) It is familiar with the nature of and risks attending investments in real estate and securities, and is capable of bearing the economic risks of this investment. More specifically, it has received and reviewed certain offering materials describing the proposed business and purposes of the Company, and the entities and real property in which it will hold direct or indirect interests, and the risks associated therewith. It understands that any financial projections included in such materials are based on assumptions and estimates as to future events that may affect the Property and are subject to the qualifications set forth therein and in such offering materials. Specifically, it acknowledges that the potential results of an investment in the Company set forth in the projections are based upon such assumptions and estimates and that if actual events do not conform to the stated assumptions and estimates (and it is likely that they will not) the economic return from an investment in the Company may vary in significant respects from the results set forth.

(7) It is fully aware of the restrictions on resale of its Interest under the Securities Act, and applicable state securities laws; in particular, it is aware that the Interest will not be registered under the Securities Act or any applicable state securities laws at any time, may not at any time be freely salable and that any sale thereof may have significant adverse tax consequences.

(8) Its purchase of its Interest was not solicited by means of any form of general solicitation or general advertising.

(9) It has a pre-existing business, personal or family relationship with LocalConstruct, LLC, the Managing Member, such that it is in a position to evaluate the ability of LocalConstruct, LLC to manage the Company.

(10) It is fully aware that the Interests are being issued by the Company in reliance upon the exemption provided by Section 4(2) of the Securities Act and the Rules promulgated thereunder (including Regulation D), on the grounds that no public offering is involved, and upon the representations, warranties and agreements set forth in this Section 9.18(a).

(11) It is not, and, to the knowledge of such Member, none of its Affiliates is in violation of any laws relating to terrorism or money laundering, including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56.

(12) It is neither an employee benefit plan as defined in Section 3(3) of the Employment Retirement Security Act of 1974, nor a plan as defined in Section 4975(e)(1) of

the Code, nor are any of the assets to be used for such Member's Initial Capital Contribution "plan assets" within the meaning of Department of Labor Regulations Section 2510.3-101.

(b) Each Member represents and warrants to the Managing Member, the Company and each other Member that, as of the signing of this Agreement:

(1) If other than an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction where it purports to be organized.

(2) It is a United States person (as defined in § 7701(a) of the Code).

(3) It has full power and authority to enter into and perform this Agreement.

(4) All actions necessary to authorize the signing and delivery of this Agreement, and the performance of obligations under it, have been duly taken.

(5) This Agreement has been duly signed and delivered by a duly authorized officer or other representative of such Member (if such member is not an individual) and constitutes the legal, valid and binding obligation of such Member enforceable in accordance with its terms (except as such enforceability may be affected by applicable bankruptcy, insolvency or other similar laws affecting creditors' rights generally, and except that the availability of equitable remedies is subject to judicial discretion).

(6) No consent or approval of any other Person is required in connection with the signing, delivery and performance of this Agreement by such Member.

(7) The signing, delivery and performance of this Agreement do not violate the organizational documents of such Member (if such member is not an individual) or any material agreement to which such Member is a party or by which it is bound.

Notwithstanding anything to contrary in this Agreement, each Member agrees to indemnify, defend and hold harmless the Managing Member, the Company and each other Member from and against all claims, actions or causes of action, liabilities, expenses, costs or damages arising from any breach of any representation or warranty in this Section 9.18.

9.19. Attorneys' Fees. Without limiting Section 9.20 below, if any lawsuit is commenced between the parties hereto concerning any of the provisions of this Agreement or the rights and duties of any party hereto, the party or parties prevailing in such lawsuit shall be entitled to have its or their costs and expenses, including, without limitation, reasonable attorneys' fees and court costs paid by the party or parties not prevailing in such lawsuit. Any such attorneys' fees and other expenses incurred by a party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

9.20. Dispute Resolution. It is the desire and intention of each of the parties hereto to agree upon a mechanism and procedure under which any disputes or disagreements under or

relating to this Agreement, whether contractual, tort, equitable or otherwise, will be resolved in a prompt and expeditious manner. The parties intend that such rapid mechanism and procedure be utilized to resolve any and all disputes and disagreements under or relating to this Agreement. Accordingly, the parties hereto agree that, except as expressly provided in Section 9.21, all claims, disputes and other matters in question arising out of, or relating to, this Agreement or the performance thereof, including but not limited to questions as to whether a matter is governed by this arbitration clause, following the expiration of a twenty (20) day period which period shall commence upon notice of such dispute from one party to the other in accordance with Section 9.1 above and during which the parties shall negotiate in good faith to resolve such dispute, shall be submitted to binding arbitration before a single arbitrator (the "Arbitrator") in Los Angeles, California, pursuant to the rules of JAMS/Endispute then in effect for the arbitration of commercial disputes, except that discovery shall be governed by Title 9 of the California Code of Civil Procedure, including, but not limited to, Section 1283.05 (or its successor). The Arbitrator shall award fees and expenses (including reasonable attorneys' fees) to the prevailing party. The award rendered by the Arbitrator shall be final and judgment may be entered in accordance with applicable law, pursuant to Code of Civil Procedure Section 1285 et seq.(or their successor sections), and in any court having jurisdiction thereof. The existence and resolution of the arbitration shall be kept confidential by the parties and shall also be kept confidential by the Arbitrator.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

LocalConstruct, LLC

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

Blodgett & Calvin Family Trust

9.21. Equitable Relief. If any Member proposes or attempts to Transfer all or any part of its Interest in violation of the terms of this Agreement, the Company or any Member may apply to any court of competent jurisdiction for an injunctive order prohibiting such proposed Transfer except upon compliance with the terms of this Agreement, and the Company or any Member may institute and maintain any action or proceeding against the Person proposing to make such Transfer to compel the specific performance of this Agreement. Any attempted Transfer in violation of this Agreement is null and void, and of no force and effect. The Person against whom such action or proceeding is brought waives the claim or defense that an adequate remedy at law exists, and such Person will not urge in any such action or proceeding the claim or defense that such remedy at law exists.

9.22. Waiver of Partition and Certain Other Rights. Each of the Members irrevocably waives any right or power that it might have:

- (a) To cause the Company or any of its assets to be partitioned;
- (b) To compel any sale of all or any portion of the assets of the Company under any applicable law;
- (c) To cause the appointment of a receiver for all or any portion of the assets of the Company; or
- (d) To file a complaint, or to institute proceedings at law or in equity, to cause the dissolution or liquidation of the Company, other than in accordance with this Agreement.

Each of the Members has been induced to enter into this Agreement in reliance upon the waivers of this Section 9.22, and without those waivers no Member would have entered into this Agreement.

9.23. Certain Terminology. Whenever the words “including”, “include” or “includes” are used in this Agreement, they shall be interpreted in a non exclusive manner as though the words “, without limitation,” immediately followed the same.

- (a) Except as otherwise indicated, all Article, Section and Exhibit references in this Agreement shall be deemed to refer to the Sections and Articles in, and the Exhibits to, this Agreement.
- (b) Wherever the words “herein” or “hereunder” appear in this Agreement, they shall be interpreted to mean “in this Agreement” or “under this Agreement”, respectively.
- (c) As used herein, “good faith” means “honesty in fact” as such phrase is used in the Uniform Commercial Code, as adopted in the State of California as of the date of this Agreement.

9.24. Legal Representation. Each Member acknowledges and agrees that he or she is aware and has been fully informed of the Company’s engagement of Pircher, Nichols & Meeks (“PNM”), in connection with certain matters as to the Company and the Property. In connection therewith, each Member acknowledges and agrees that, without a written engagement letter to

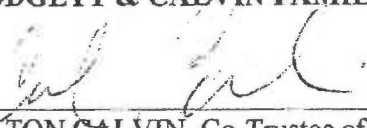
the contrary, (a) PNM will not be representing any Member other than Managing Member in connection with either the Company or the Property and PNM will be providing such services on behalf of the Company and certain of its Affiliates only; and (b) each Member has been advised and has had the opportunity to engage separate counsel in connection with the Company and the Property.

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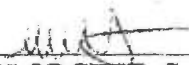
IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

"MEMBER"

"BLODGETT & CALVIN FAMILY TRUST"



CARLTON CALVIN, Co-Trustee of the Blodgett
& Calvin Family Trust, dated June 9, 2001



MARY BLODGETT, Co-Trustee of the Blodgett &
Calvin Family Trust, dated June 9, 2001

EXHIBIT "A"

Member List

<u>Member</u>	<u>Address</u>	<u>Percentage Interest</u>	<u>Initial Capital Contribution</u>
LocalConstruct, LLC	5482 Wilshire Blvd., Suite 325 Los Angeles, California 90036	0.0%	\$0
Blodgett & Calvin Family Trust, dated June 9, 2001	1490 Virginia Road San Marino, California 91108	100.00%	\$2,200,000.00

EXHIBIT "B"

Business Plan

[see attached.]

EXHIBIT "C"

Tax Exhibit

(a) Profit and Loss. The Company's "**Profit**" or "**Loss**" means, for each taxable year, the Company's taxable income or taxable loss for such taxable year, as determined under Section 703(a) of the Code and Treasury Regulations Section 1.703-1 (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or taxable loss), but with the following adjustments:

(1) Any tax-exempt income, as described in Section 705(a)(1)(B) of the Code, realized by the Company during such Fiscal Year shall be taken into account in computing such taxable income or taxable loss as if it were taxable income;

(2) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code for such Fiscal Year, including any items treated under Treasury Regulations Section 1.704-1(b)(2)(iv)(i) as items described in Section 705(a)(2)(B) of the Code, shall be taken into account in computing such taxable income or taxable loss as if they were deductible items;

(3) Any item of income, gain, loss or deduction that is required to be allocated specially to the Members under Sections (b)(3), (c), (d) and (f) shall not be taken into account in computing such taxable income or taxable loss;

(4) In lieu of any depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the Company shall compute such deductions based on the Book Value (as hereinafter defined) of Company property, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3);

(5) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property disposed of (as adjusted for "book" depreciation computed in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3)), notwithstanding that the adjusted tax basis of such property differs from its Book Value; and

(6) If the Book Value of Company assets is adjusted to equal fair market value as provided in Section (h)(1) hereof, then Profit or Loss shall include the amount of any increase or decrease in such Book Values attributable to such adjustment.

(b) Allocation of Profit and Loss.

(1) Except as otherwise provided in this Agreement, and after giving effect to the allocations provided in Sections (c) and (d), Profit for each Fiscal Year (or portion thereof) shall be allocated to the Members as necessary to cause each Member's "Modified Adjusted Capital Account" (as hereinafter defined) balance as of the end of such Fiscal Year to equal as nearly as possible such Member's "Target Capital Account" (as hereinafter defined).

(2) Except as otherwise provided in this Agreement, and after giving effect to the allocations provided in Sections (c) and (d), Loss for each Fiscal Year (or portion thereof) shall be allocated in the following order of priority:

(a) First, to the Members as necessary to cause each Member's Modified Adjusted Capital Account balance as of the end of such Fiscal Year to equal as nearly as possible such Member's Target Capital Account; and

(b) Second, after giving effect to the allocations made pursuant to Section (b)(2)(a), to the Members in proportion to their respective Percentage Interests.

(3) Notwithstanding anything to the contrary contained in this Exhibit "C", no allocation shall be made to a Member which would cause such Member to have an "Adjusted Capital Account Deficit" (as hereinafter defined). If the limitation contained in the preceding sentence would apply to cause an item of loss or deduction to be unavailable for allocation to all Members, then such item of loss or deduction shall be allocated between or among those Members who do not have an Adjusted Capital Account Deficit in accordance with such Members' positive Adjusted Capital Account balances.

(c) Minimum Gain Chargebacks.

(1) Except to the extent provided in Treasury Regulations Sections 1.704 2(f)(2), (3), (4) and (5), if for any Fiscal Year there is a net decrease in "Company Minimum Gain" (as hereinafter defined), there shall be allocated to each Member items of income and gain for such Fiscal Year (and, if necessary, for subsequent Fiscal Years) equal to such Member's share of the net decrease in Company Minimum Gain. A Member's share of the net decrease in Company Minimum Gain shall be determined in accordance with Treasury Regulations Section 1.704 2(g)(1). This Section (c)(1) is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulations Section 1.704 2(f) and shall be interpreted consistently therewith.

(2) Except to the extent provided in Treasury Regulations Section 1.704 2(i)(4), if for any Fiscal Year of the Company there is a net decrease in "Member Nonrecourse Debt Minimum Gain" (as hereinafter defined), there shall be allocated to each Member that has a share of such Member Nonrecourse Debt Minimum Gain at the beginning of such Fiscal Year items of income and gain for such Fiscal Year (and, if necessary, for subsequent Fiscal Years) equal to such Member's share of the net decrease in such Member Nonrecourse Debt Minimum Gain. The determination of a Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain shall be made in a manner consistent with the principles contained in Treasury Regulations Section 1.704 2(i)(5). This Section (c)(2) is intended to comply with the "partner nonrecourse debt minimum gain chargeback" requirement in Treasury Regulations Section 1.704 2(1)(4) and shall be interpreted consistently therewith.

(3) If any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), there shall be specially allocated to such Member such items of Company income and gain, at such times and in such amounts as shall eliminate as quickly as possible the deficit balance (if

any) in its Capital Account (in excess of the sum of such Member's share of Company Minimum Gain and such Member's share of Member Nonrecourse Debt Minimum Gain) created by such adjustments, allocations or distributions. This Section 5.3(c) is intended to comply with the "qualified income offset" requirement of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) Nonrecourse Debt.

(1) All deductions, losses, and Section 705(a)(2)(B) expenditures of the Company, as the case may be (all computed for "book" purposes) that are treated under Section 1.704-2(b) of the Treasury Regulations as deductions, losses, and expenditures attributable to nonrecourse liabilities of the Company shall be allocated among the Members pro rata in proportion to their respective Percentage Interests.

(2) All deductions, losses, and Section 705(a)(2)(B) expenditures of the Company, as the case may be (all computed for "book" purposes), that are treated under Section 1.704-2(i) of the Treasury Regulations as deductions, losses, and expenditures attributable to "partner nonrecourse debt" of the Company shall be allocated to the Member(s) bearing the risk of loss with respect to such liabilities in accordance with such Treasury Regulations.

(e) Special Allocations. The allocations set forth in Sections (c) and (d)(2) (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. Notwithstanding the provisions of Sections (b)(1) and (2), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deductions among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. The fact that certain of the Regulatory Allocations will occur in a future period will be taken into account in applying this paragraph.

(f) Allocation of Certain Tax Items. If any property of the Company is reflected in the Capital Accounts of the Members and on the books of the Company at a Book Value that differs from the adjusted tax basis of such property, then the tax items with respect to such property shall, in accordance with the requirements of Treasury Regulations Section 1.704-1(b)(4)(i), be shared among the Members in a manner that takes account of the variation between the adjusted tax basis of the applicable property and its Book Value in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Company are taken into account in determining the Members' share of tax items under Code Section 704(c).

(g) Code Section 754 Adjustment. To the extent that Treasury Regulations Section 1.704-1(b)(2)(iv)(m) requires that any adjustment to the tax basis of any Company asset be taken into account in determining Capital Accounts, the amount of such adjustment shall be treated as an item of gain or loss, as appropriate, and allocated to the Members as appropriate under the circumstances.

(h) Certain Definitions.

(1) “**Adjusted Capital Account Deficit**” means with respect to any Member, the negative balance, if any, in such Member’s Capital Account as of the end of the relevant Fiscal Year, determined after giving effect to the following adjustments: (a) credit to such Capital Account any portion of such negative balance which such Member (i) is treated as obligated to restore to the Company under the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(c), or (ii) is deemed to be obligated to restore to the Company under the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and (b) debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6). This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Sections 1.704-1(b)(2)(ii)(d) and 1.704-2 and shall be interpreted consistently therewith.

(2) “**Book Value**” shall mean, as of any particular date, the value at which any asset of the Company is properly reflected on the books of the Company as of such date in accordance with the provisions of Treasury Regulations Section 1.704-1(b). The Book Value of all Company assets may, at the discretion of the Managing Member, be adjusted to equal their respective gross fair market values, as determined in good faith by the Managing Member, as of the following times: (i) immediately prior to the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) immediately prior to the distribution by the Company to a Member of more than a de minimis amount of money or other property as consideration for an interest in the Company; (iii) in connection with the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); (iv) the grant of an interest in the Company as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a Member capacity or in anticipation of being a Member; and (v) under generally accepted industry accounting practices within the meaning of Treasury Regulations Section 1.704-1(b)(2)(iv)(f)(5).

(3) “**Company Minimum Gain**” shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(2) with respect to the term “partnership minimum gain”.

(4) “**Member Nonrecourse Debt Minimum Gain**” shall have the meaning set forth in Treasury Regulations Section 1.704-2(i)(2) with respect to the term “partner nonrecourse debt minimum gain”.

(5) “**Modified Adjusted Capital Account**” means with respect to any Member for any fiscal year (or other period), an amount equal to such Member’s Capital Account balance as of the beginning of such fiscal year (or other period), adjusted as provided in the definition of Capital Account for all contributions to the Company by, and all distributions by the Company to, such Member during such fiscal year (or other period), and by all special allocations pursuant to Section (c) above with respect to such fiscal year (or other period) but before giving effect to any allocations of Profit or Loss with respect to such fiscal year (or other period) pursuant to Section (b) above.

(6) **“Target Capital Account”** means an amount (which may be either positive or negative), determined with respect to each Member for any fiscal year (or other period), equal to (a) the hypothetical distribution (if any) such Member would receive if each Company asset (including cash) were sold for an amount of cash equal to such asset’s Book Value as of the end of such fiscal year, each liability of the Company were satisfied in cash in accordance with its terms (limited, with respect to each nonrecourse liability of the Company, to the Book Value of the asset or assets securing such nonrecourse liability), and all remaining cash of the Company (including the net proceeds of such hypothetical transactions and all cash otherwise available after the hypothetical satisfaction of all Company liabilities) were distributed in full on the last day of such Fiscal Year (or other period) to the Members pursuant to Section 6.4 of that certain limited liability company to which this Exhibit “C” forms a part; minus (b) the sum of (i) such Member’s share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain immediately prior to such deemed sale, plus (ii) the amount, if any, which such Member is obligated to contribute to the capital of the Company pursuant to the terms of that certain operating agreement to which this Exhibit “C” forms a part as of the last day of such period (but only to the extent such capital contribution obligation has not been taken into account in determining such Member’s share of Member Nonrecourse Debt Minimum Gain).

EXHIBIT "D"

Accredited Investor Status

Regulation D of the United States Securities Act of 1933, as amended (the "Securities Act"), exempts from registration certain offers and sales of securities if made to "accredited investors." Set forth below are the various categories of "accredited investors."

Applicable to Natural Persons Only

I am a director or "executive officer" of the Managing Member or the Company. For this purpose, an "**executive officer**" is a person who performs policy making functions for the entity of which it claims to be an executive officer.

I have an individual net worth, or my spouse and I have a combined net worth, in excess of \$1,000,000. "Net worth" means the excess of total assets at fair market value, including home (exclusive of any net worth attributable to a primary residence), home furnishings and automobiles, over total liabilities.

I had individual income (exclusive of any income attributable to my spouse) of more than \$200,000 in each of the two most recent years or joint income with my spouse in excess of \$300,000 in each of those years, and I have a reasonable expectation of reaching the same income level in the current year.

Applicable to Non-Natural Persons (i.e., Entities) Only

It is a trust with total assets in excess of \$5,000,000, that was not formed for the specific purpose of acquiring the Interests and its purchase is directed by a sophisticated person. A "**sophisticated person**" is one who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment.

It is a corporation, a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring the Interests, with total assets in excess of \$5,000,000.

It is a revocable trust which may be amended or revoked at any time by the grantors thereof and all of the grantors are accredited investors by reason of one or more of the categories of accredited investors under "For Natural Persons Only" above.

It is an entity in which all of the equity owners are accredited investors by reason of one or more of the categories of accredited investors under "Applicable to Natural Persons Only" and/or "Applicable to Non-Natural Persons (i.e., Entities) Only" above.