

to the Company, (C) except as otherwise provided in Section 7.01(a), L/S Partners shall thereupon be deemed to have been released by the Company, Cameo and all of their respective Affiliates from and against any and all claims, losses, damages, costs, expenses, demands, liabilities, obligations, liens, encumbrances, rights of action and/or attorneys' fees arising in connection with the Company, the Property and/or under this Agreement, and (D) all of L/S Partners rights under Section 9.03 shall survive such liquidation and any future modification of the terms of such Section or the Agreement and L/S Partners shall continue to have the benefit thereof, and (ix) Section 3.02 of this Agreement shall be deemed to have been deleted in its entirety and the following substituted in lieu thereof:

**"3.02 Distributions of Cash Flow.** Except as provided elsewhere in this Agreement, cash held in the Collection Account from time to time in excess of such reserves as are established from time to time by the Managing Member for anticipated cash disbursements that will have to be made before anticipated additional cash receipts will provide the funds therefor (the "Cash Flow") shall be distributed to the Members as soon as it becomes available for distribution, but in no event less often than monthly by the 25th day of each calendar month, in the following order of priority:

(a) Cameo's Unpaid Preferred Return. First, to Cameo, until and to the extent required to reduce Cameo's accrued and unpaid Preferred Return to zero (0).

(b) Cameo's Unrecovered Capital. Next, to Cameo, until and to the extent required to reduce Cameo's Unrecovered Capital Account to zero (0).

(c) L/S Partners' Unpaid Preferred Return. Next, to L/S Partners, until and to the extent required to reduce L/S Partners' accrued and unpaid Preferred Return to zero (0).

(d) L/S Partners' Unrecovered Capital. Next, to L/S Partners, until and to the extent required to reduce L/S Partners' Unrecovered Capital Account to zero (0) (or, if the Project Termination Election is made prior to the Property Contribution Closing, until and to the extent required to reduce its Unrecovered Capital Account to \$200,000) (the Members agreeing that L/S Partners shall forfeit its right to recover the last \$200,000 of the balance of its Unrecovered Capital Account in the event that it makes a Project Termination Election prior to the Property Contribution Closing).

(e) Balance. Thereafter, to Cameo."

## **ARTICLE VIII** **DISSOLUTION OF THE COMPANY**

**8.01 Events of Dissolution.** Upon a Member's retirement, removal, resignation or withdrawal from the Company or the admission of a new Member to the Company, or the occurrence of an Event of Bankruptcy with respect to either Member, the Company shall dissolve unless within ninety (90) days after any such event, the other Member elects to continue the Company. The Company shall, however, be dissolved upon the first to occur of the following events:

(a) Intentionally deleted.

(b) Liquidation of Assets. The sale of all or substantially all of the assets of the Company unless such sale or other disposition involves any deferred payment of the consideration for such sale or disposition, whereupon the Company shall not dissolve until the last day of the calendar month during which the Company shall receive the balance of such deferred payment.

(c) Non-Defaulting Member's Election. The election by the non-defaulting Member during the pendency of an Event of Default.

(d) Termination of the Contribution Agreement. The election of a Member in accordance with the terms of Section 2.02(b)(ii) hereof.

8.02 Effect of Dissolution. Upon dissolution of the Company by reason of the occurrence of any of the events described in Section 8.01 or by operation of law, the Company shall not terminate but shall continue solely for the purposes of (a) liquidating all of the assets owned by the Company (until all such assets have been sold or liquidated) and (b) collecting the proceeds from such sales and all receivables of the Company. Upon such dissolution, the Company shall engage in no further business thereafter other than that necessary to cause the Project to be operated on an interim basis and for the Company to collect its receivables, liquidate its assets and pay or discharge its liabilities.

8.03 Liquidation of Assets. All of the assets of the Company, other than cash, shall be offered (either as an entirety or on an asset-by-asset basis) promptly for sale by the Liquidating Trustee on behalf of the Company upon the best terms available in the open market. For purposes of this Agreement, the "Liquidating Trustee" shall be the Managing Member. Each Member, provided it shall not be in breach of any of its obligations hereunder (nor would be in breach but for the requirements of notice or the passage of time or both), shall be entitled to negotiate or bid for the purchase of any or all of the assets being offered for sale. The gross sales proceeds and all other cash shall be applied and distributed in accordance with Section 8.04.

8.04 Distributions Upon Liquidation. Upon the liquidation of the Company caused by other than the termination of the Company under Section 708(b)(1)(B) of the Code, the Liquidating Trustee shall proceed with winding up of the affairs of the Company in accordance with the provisions of this ARTICLE VIII. During such winding up process, the Net Profits, Net Losses and Cash Flow distributions shall continue to be shared by the Members in accordance with this Agreement. The proceeds from the sale of the Company's assets, to the extent available, shall be applied and distributed by the Company in the following order:

(a) Payment of Debts. To the payment of all known debts and liabilities of the Company, including debts to any Members who are creditors of the Company;

(b) Establishment of Reserves. To the establishment of the following reserves:

(i) A reserve to pay for the projected costs and expenses of maintaining the Company's existence for a period of one (1) year following the sale of the last

portion of the Property (the "**Close-Out Period**") including annual franchise fees, annual renewal fees for domestic representation, anticipated accounting costs for preparation of the Company's annual tax returns and filing fees as well as the costs of completing the liquidation and winding-up of the Company at the expiration of the Close-Out Period including filing and publication costs and fees.

(ii) In the event the Company has not previously purchased insurance coverage for the duration of the Close-Out Period, a reserve to pay for the projected cost of annual insurance premiums to maintain the Company's insurance during the Close-Out Period. The Members intend that the proceeds of such insurance will be reasonably likely to be sufficient to provide compensation for claims that have not been made known to the Company or that have not arisen but that, based on facts known to the Company, are likely to arise or to become known to the Company within ten (10) years after the date of dissolution.

(iii) A reserve to pay all claims and obligations, including all contingent, conditional or unmatured contractual claims, known to the Company to the extent said items have not been satisfied under Section 8.04(a) above.

(iv) A reserve as will be reasonably likely to be sufficient to provide compensation for any claim against the Company which is the subject of a pending action, suit or proceeding to which the Company is a party.

(c) **Balance.** To the Members in the order of priority set forth in ARTICLE III. The Members believe and intend that the effect of making any and all liquidating distributions in accordance with this provision will result in each Member receiving liquidating distributions equal to the amount of Cash Flow each such Member would have received if liquidating distributions were instead distributed in accordance with the positive balance standing in each such Member's Capital Account. If the immediately preceding sentence is for any reason inaccurate, then the Members, upon the advice of tax counsel to the Company, are hereby authorized to make such revisions to the provisions of Exhibit "C" and/or to file such amended tax returns for the Company as may be reasonably necessary to cause such allocations to be in compliance with Section 704(b) of the Code and the Treasury Regulations promulgated thereunder.

**8.05 Completion of Winding-Up.** The Liquidating Trustee shall maintain the Company in existence for the duration of the Close-Out Period and utilize the reserves established under Section 8.04(b) to pay all costs and expenses of the Company during the Close-Out Period. From time to time during the Close-Out Period upon any Member's request, the Liquidating Trustee shall provide reports to the Members detailing for each Member the status of such reserves and what, if any, claims have been made against the Company. Except as otherwise provided by law or under this Agreement, in no event shall either Member be required to fund any additional sums to the Company should such reserves prove to be inadequate. Notwithstanding the foregoing, upon the request of either Member, the Members shall meet and confer to consider an earlier completion of the winding-up process which may be accelerated with the prior written consent of both Members. Upon expiration of the Close-Out Period, provided the Company does not then have any known, unsatisfied claims against it, the

Liquidating Trustee shall proceed to complete the dissolution and winding-up of the Company in accordance with applicable law.

**8.06 No Capital Account Restoration** . Upon the liquidation of the Company or any Membership Interest therein, neither Member shall be obligated to restore any negative balance as may then exist in its Capital Account.

### **ARTICLE IX** **INDEMNIFICATION**

**9.01 Limitation on Liability**. Except as otherwise expressly provided in the Act or in this Agreement, 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 or Managing Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or Managing Member of the Company; provided, however, nothing in this Section 9.01 shall limit the liability of any Member to the other Member as provided in this Agreement or under the non-waivable provisions of the Act. Except as otherwise provided herein, no Member or its Affiliates shall be liable to the Company or to any other Member for any losses, costs, obligations, claims, expenses, damages or liabilities (including attorneys' fees and costs) arising from any act or omission performed or omitted by it arising out of or in connection with this Agreement or the Company's business or affairs, except to the extent any such loss, cost, obligation, claim, damage, expense or liability is attributable, in whole or in part, to such Member's or its Affiliate's (a) gross negligence or willful misconduct, or (b) breach of its obligations under this Agreement or under any agreement between such Member or its Affiliate with the Company.

#### **9.02 Indemnification by Members**

(a) Except as otherwise provided in Section 5.01(d) hereof, the Company shall not be liable for any obligations incurred by any Member or any of its Affiliates prior to the formation of the Company. To the fullest extent permitted by law, except to the extent any of the following arises from the sole negligence, willful misconduct or breach of L/S Partners or agents, servants or independent contractors who are directly responsible to L/S Partners, Cameo hereby agrees to protect, indemnify, defend with counsel satisfactory to L/S Partners, and hold harmless the Company, L/S Partners, its Affiliates and their respective partners, members, managers, employees, agents, trustees, beneficiaries, officers, directors, shareholders, divisions, subsidiaries and successors, from and against any and all losses, costs, obligations, claims, expenses, damages, liabilities, attorneys' fees and costs, expert and consultant costs, fines, judgments, penalties, debts, suits, actions and causes of action (including those arising out of bodily injury and/or personal injury to, or death of, persons) (collectively, "Liabilities") caused by, arising out of or relating directly or indirectly to (i) the gross negligence or willful misconduct of Cameo, its Affiliates, and their respective officers, employees, directors, shareholders, constituent members, managers, partners, agents, and representatives to the extent proceeds from insurance do not fully satisfy same; (ii) the inaccuracy of any representation or warranty made by or deemed to be made by Cameo or its Affiliates in this Agreement or in any agreement with the Company and (iii) the breach by Cameo of any of its obligations under this Agreement or by Cameo or any

Affiliate of Cameo under any agreement with the Company, or the occurrence of an Event of Default with respect to Cameo.

(b) Subject to the limitations of Section 12.20 hereof, and except to the extent of any Liabilities arising from the sole negligence, willful misconduct or breach of Cameo or agents, servants or independent contractors who are directly responsible to Cameo, L/S Partners hereby agrees to indemnify, defend with counsel satisfactory to Cameo, and hold harmless the Company, Cameo, its respective partners, members, managers, employees, agents, trustees, beneficiaries, officers, directors and shareholders, from and against any and all Liabilities caused by, arising out of or relating directly or indirectly to (i) the gross negligence or willful misconduct of L/S Partners, its Affiliates, and their respective officers, employees, directors, shareholders, constituent members, managers, partners, agents, and representatives to the extent proceeds from insurance do not fully satisfy same; (ii) the inaccuracy of any representation or warranty made by or deemed to be made by L/S Partners or its Affiliates in this Agreement or in any agreement with the Company and (iii) the breach or default by L/S Partners of any of its obligations under this Agreement or by L/S Partners or any Affiliate of L/S Partners under any agreement with the Company, or the occurrence of an Event of Default with respect to L/S Partners.

**9.03 Indemnification of Members by the Company.**

(a) The Company does hereby indemnify, defend with counsel satisfactory to the Members, protect and hold harmless each Member and its shareholders, directors, officers, constituent partners, members, managers, agents and employees (an "Indemnified Party") from and against any and all Liabilities suffered by such Indemnified Party by reason of anything that such Indemnified Party may do or refrain from doing hereafter for and on behalf of the Company and in furtherance of the interests of the Company; provided, however, that the Company shall not be required to indemnify and shall not be deemed to have indemnified such Indemnified Party from any Liabilities which such Indemnified Party may suffer as a result of the gross negligence or willful misconduct of the Indemnified Party in performing or in failing to perform its duties hereunder or taking any action beyond the authority of that Indemnified Party hereunder or with respect to anything that such Indemnified Party may do or refrain from doing with respect to the ownership, management or control of any of its own affairs or assets (including its Membership Interest in the Company) as distinct from the affairs and assets of the Company. Provided, further, the Company shall not be required to indemnify and shall not be deemed to have indemnified any Member, its shareholders, directors, officers, constituent partners, members, agents and employees for any Liabilities which such Member has agreed to indemnify the Company for under this Agreement. If an Indemnified Party becomes involved in any capacity in any action, proceeding or investigation in connection with any matter arising out of or in connection with this Agreement or the Company's business or affairs, the Company shall reimburse such Indemnified Party for its reasonable legal and other reasonable out-of-pocket expenses (including the cost of any investigation and preparation) as are incurred in connection therewith, provided that (i) the Company shall exercise exclusive control over the conduct of such action or proceeding and decisions as to settlement thereof, and (ii) such Indemnified Party shall promptly repay to the Company the amount of any such reimbursed expenses paid to it, together with interest thereon from the date of reimbursement to the date of repayment at the rate equal to the lesser of twenty percent (20%) per annum or the maximum rate permitted by law, if

it shall ultimately be determined that such Indemnified Party was not entitled to be indemnified by the Company in connection with such action, proceeding or investigation.

(b) The provisions of this Section 9.03 shall survive until such time as all claims or suits arising out of the indemnified matters are barred by the applicable statute of limitations; provided that the obligations of the Company under this Section 9.03 shall be satisfied solely out of Company assets.

(c) Notwithstanding anything to the contrary contained in this Agreement, the obligations of the Company or any Member under this Section 9.03 shall (i) be in addition to any liability which the Company or such Member may otherwise have and (ii) inure to the benefit of the other Member, its Affiliates and their respective partners, members, managers, shareholders, directors, officers, employees, agents and Affiliates and any successors, assigns, heirs and personal representatives of such Persons.

## ARTICLE X ACCOUNTING

**10.01 Books and Records.** The Managing Member shall maintain the books and financial records of the Company. The Company financial records and accounts shall be kept in such a manner as to provide a record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Company's business in accordance with generally accepted accounting principles consistently applied. The fiscal year of the Company (the "Fiscal Year") shall be the calendar year. For financial and income tax reporting purposes, the Company shall elect the accrual basis of accounting.

**10.02 Location and Availability of Records.** All books and records of the Company shall be kept and maintained at the principal office of the Company, with a copy at Cameo's office, or such other place as may be agreed upon by the Members, and shall during regular business hours, be available for inspection, duplication and audit by each Member, and its designated representatives, including attorneys, auditors and accountants.

**10.03 Reports.** The Managing Member shall provide the following reports to the Members:

(a) **Quarterly Reports.** Within thirty (30) days after the end of each calendar quarter, the Managing Member will provide the other Members with a statement of financial position and a statement of operations for the Company, a statement of each Member's Capital Account and Unrecovered Capital Account and a schedule of accrued and unpaid Preferred Returns due each Member.

(b) **Annual Reports.** Within seventy-five (75) days after the end of each Fiscal Year and/or the final reporting period of the Company, the Managing Member shall furnish the other Members with financial statements, including without limitation, Company income and expense statements, which shall contain a balance sheet as of the end of the Fiscal Year, statements of profit and loss, changes in the Capital Accounts and a statement of cash flows for the Fiscal Year then ended. At the request of any Member, the Managing Member

shall cause such statements to be audited by the Company's accountants at the expense of the Company.

(c) **Tax Returns.** Within ninety (90) days after the end of each Fiscal Year or the final reporting period of the Company, the Managing Member shall cause BDO Scidman or any other tax accountants reasonably approved by all of the Members to prepare all income and other tax returns of the Company including Company K-1 statements for each Member of the Company and submit such returns to each of the Members for its approval and, when approved by all of the Members, cause the same to be filed in a timely manner. The Managing Member shall not file on behalf of the Company any federal or state income tax or information returns, elections or choices of methods of reporting income or loss for federal or state income tax purposes without the prior written consent of all of the Members, not to be unreasonably withheld. The Managing Member shall furnish to each of the Members a copy of each such return as soon as they have been filed, together with any schedules or other information which any Member may require in connection with its tax affairs. Each of the Members shall, in its respective income tax return and other statements filed with the Internal Revenue Service or other taxing authority, report taxable income in accordance with the Company's K-1 statements provided to the Members under this Agreement. Managing Member shall consult with any other Member and its accountants, from time to time as requested by such Member, to discuss tax planning for the Company.

**10.04 Consolidation Reporting.** The Managing Member shall consult with L/S Partners and its accountants, from time to time as requested by L/S Partners, to provide and discuss any calculations/models used in Managing Member's interpretation of the consolidation requirements under FASB Interpretation No. 46, Consolidation of Variable Interest Entities (FIN 46), as amended from time to time. The Managing Member's interpretation of any such consolidation requirements must be agreed to by L/S Partners and reviewed and accepted by the Company auditors.

## **ARTICLE XI** **TRANSFER OF MEMBERSHIP INTERESTS AND PARTITION**

### **11.01 Restrictions on Transfer.**

(a) **Transfers by L/S Partners.** Except as otherwise expressly provided in this Agreement, L/S Partners shall not (voluntarily, involuntarily or by operation of law) sell, assign, mortgage, encumber, grant a security interest in, dispose of or hypothecate (hereinafter "transfer") all or any portion of its Membership Interest, or withdraw or retire from the Company, without the prior written consent of Cameco, which consent may be withheld in Cameco's discretion. Notwithstanding the foregoing, L/S Partners shall have the right, in its sole discretion, to transfer all (but not less than all) of its Membership Interest to an Affiliate of L/S Partners.

(b) **Transfers by Cameco.** Except as otherwise expressly provided in this Agreement, Cameco shall not transfer all or any portion of its Membership Interest, or withdraw or retire from the Company, without the prior written consent of L/S Partners, which consent may be withheld in L/S Partners' discretion. Notwithstanding the foregoing, Cameco shall have

the right, in its sole discretion, to transfer all (but not less than all) of its Membership Interest to an Affiliate of Cameo (which is owned directly or indirectly by Guarantor).

(c) **No Changes in Ownership of Cameo.** Except for a Permitted Transfer, Cameo shall not cause or permit any direct or indirect interest in Cameo to be transferred to any person or entity which is not owned directly or indirectly by Guarantor, without L/S Partners' prior written consent, which consent may be withheld in L/S Partners' discretion.

(d) **General.** Any attempted transfer, withdrawal or retirement by any Member not permitted under this Agreement shall be void. Any transfer in violation of the terms and provisions of this ARTICLE XI shall be deemed a material breach or default by such Member not capable of cure.

**11.02 Partition.** No Member shall, either directly or indirectly, take any action to require partition of the Project or any other assets or properties of the Company pursuant to applicable law, nor shall any Member make application or commence a proceeding for a partition or sale thereof and, upon any breach of the provisions of this Section 11.02 by any Member, the other Member (in addition to all rights and remedies afforded by law or in equity) shall be entitled to a decree or order restraining or enjoining such application, action or proceeding.

**11.03 Admission of Substituted Member.** If a Member transfers its Membership Interest in accordance with this ARTICLE XI, and such purchaser is designated by the conveying Member as a substituted Member, such assignee shall be entitled to be admitted to the Company as a substituted Member, and this Agreement shall be amended to reflect such admission, provided that the following conditions are complied with:

(a) **Documents.** The conveying Member and assignee or assignees named therein executes and acknowledges such instrument or instruments as may be reasonably required in order to effectuate such admission.

(b) **Acceptance of Agreement.** The assignee or assignees in writing accepts and adopts all of the terms and conditions of this Agreement, as the same may have been amended.

(c) **Payment of Costs.** The conveying Member pays, as the non-conveying Member may reasonably determine, all reasonable expenses connected with such admission, including legal fees and costs.

(d) **Amendment of Certificate.** If required, an amendment to the Certificate of Formation of the Company is filed and recorded, as appropriate.

**11.04 Compliance.** Notwithstanding anything to the contrary in this Agreement, at law or in equity, no Member shall transfer or otherwise deal with any Membership Interest in a way that would cause a default under any material agreement to which the Company is a party or by which it is bound.



**11.05 Permitted Transfers.** For purposes of this Agreement, a "Permitted Transfer" means, with respect to the members of Cameo, transfers to an Affiliate of Guarantor so long as Guarantor retains a majority ownership interest in, and retains control over, the decisions of such Affiliate. Notwithstanding the restrictions of Section 11.01(c) to the contrary, a Permitted Transfer by the members of Cameo shall not require the prior written consent or approval of L/S Partners.

**11.06 Transferee Remains Bound.** The transferee of a Membership Interest in accordance with the terms of this ARTICLE XI (the "Permitted Transferee") shall receive and hold such Membership Interest or portion thereof subject to the terms of this Agreement and to the obligations hereunder of the transferor Member, and there shall be no further transfer of such Membership Interest or portion thereof except to a Person to whom such Permitted Transferee could have transferred its Membership Interest had such Permitted Transferee originally been named as Member hereunder, or in accordance with the other terms of this Agreement.

**11.07 Transferor Remains Liable.** If any Member transfers its Membership Interest pursuant to this ARTICLE XI, such Member shall remain liable for its obligations hereunder and any subsequent obligations of its transferee named in accordance with the terms of this Agreement notwithstanding any such transfer unless the other Member expressly releases, in writing, such transferor from such obligations.

**11.08 Restrictions on Assignees.** An assignee of a Membership Interest, or portion thereof, who does not become a substituted Member shall have no right to require any information or account of the Company's transactions, to inspect the Company books, or to vote on any of the matters as to which a Member would be entitled to vote under this Agreement.

**11.09 L/S Partners Assignment of Membership Interest and/or Rights to Distributions.** Notwithstanding anything to the contrary contained in the foregoing, Cameo acknowledges and agrees that L/S Partners shall have the absolute right, at any time and without the need for consent of Cameo, to assign its rights to distributions from the Company (and/or, subject to obtaining the prior written consent of Cameo, which consent shall not be unreasonably withheld, to assign its Membership Interest), either absolutely or collaterally as security for a loan or loans made to L/S Partners or its constituents. The lender exercising its remedies pursuant to any such assignment shall be entitled to become automatically admitted to the Company as a substituted Member without further compliance with the provisions of Section 11.03 or any other further action, except as may be required by law. Upon request of L/S Partners, Cameo shall consent, in writing, to any such assignment of L/S Partners' rights to distributions from the Company and shall provide such written consent and estoppel statement as may be reasonably requested by the assignee or lender(s) providing such financing to L/S Partners or its constituents. Upon request, Managing Member shall cause distributions otherwise payable to L/S Partners to be paid as directed by L/S Partners and the lender providing any such financing to L/S Partners or its constituents.

**11.10 Cameo Assignment of Membership Interest and/or Rights to Distributions.** Notwithstanding anything to the contrary contained in the foregoing, L/S Partners acknowledges and agrees that Cameo shall have the absolute right, at any time and without the need for consent of L/S Partners, to assign its rights to distributions from the Company (and/or, subject to

obtaining the prior written consent of L/S Partners, which consent shall not be unreasonably withheld, to assign its Membership Interest), either absolutely or collaterally as security for a loan or loans made to Cameo or its constituents. The lender exercising its remedies pursuant to any such assignment shall be entitled to become automatically admitted to the Company as a substituted Member without further compliance with the provisions of Section 11.03 or any other further action, except as may be required by law. Upon request of Cameo, L/S Partners shall consent, in writing, to any such assignment of Cameo's rights to distributions from the Company and shall provide such written consent and estoppel statement as may be reasonably requested by the assignee or lender(s) providing such financing to Cameo or its constituents. Upon request, Managing Member shall cause distributions otherwise payable to Cameo to be paid as directed by Cameo and the lender providing any such financing to Cameo or its constituents.

**ARTICLE XII**  
**MISCELLANEOUS**

**12.01 Integration/Amendment.** This Agreement is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, correspondence, understandings and agreements with respect thereto. No amendment, alteration, modification or interpretation hereof shall be binding unless in writing and signed by the Members.

**12.02 Attorneys' Fees.** If any proceeding is brought by one Member against the other to enforce, interpret, or for the breach of any of the provisions in this Agreement, the prevailing Member shall be entitled in such proceeding to recover its reasonable attorneys' fees together with the costs of such proceeding therein incurred (including expert witness fees and costs) in addition to such other relief as may be granted.

**12.03 Notices.** All notices required or permitted by this Agreement shall be in writing and may be delivered in person to either party or may be sent by registered or certified mail, with postage prepaid, return receipt requested, or delivered by Express Mail of the U.S. Postal Service or Federal Express or any other courier service guaranteeing overnight delivery, charges prepaid, or may be transmitted by facsimile and addressed:

In the case of L/S Partners:

c/o IHP Capital Partners  
1980 MacArthur Boulevard, Suite 700  
Irvine, California 92612  
Attention: Douglas C. Neff  
Telephone: (949) 851-2121  
Facsimile: (949) 851-8284

With a copy to:

c/o IHP Capital Partners  
1980 MacArthur Boulevard, Suite 700  
Irvine, California 92612  
Attention: General Counsel  
Telephone: (949) 655-7009  
Facsimile: (949) 851-8284

With a copy to:

WL Land LLC  
895 Dove Street, Suite 200  
Newport Beach, California 92660  
Attention: Wayne J. Stelmar  
Telephone: (949) 265-2400  
Facsimile: (949) 265-2500

With a copy to:

WL Land LLC  
895 Dove Street, Suite 200  
Newport Beach, California 92660  
Attention: Stacy McDaniel  
Telephone: (949) 265-2400  
Facsimile: (949) 265-2500

In the case of Cameo:

213 Banning LLC  
1105 Quail Street  
Newport Beach, California 92658  
Attention: Vic Mahony  
Telephone: (949) 955-3832  
Facsimile: (949) 250-8574

With a copy to:

Palmieri, Tyler, Wiener, Wilhelm & Waldron LLP  
East Tower, Suite 1300  
2603 Main Street  
Irvine, California 92614  
Attention: Robert C. Ihrke, Esq.  
Telephone: (949) 851-7265  
Facsimile: (949) 851-1554

or such other address as shall, from time to time, be supplied in writing by any party to the others. If any notice or other document is sent by registered or certified mail, postage prepaid, with return receipt requested, addressed as above provided, the same shall be deemed served or delivered within forty-eight (48) hours after deposit in the United States mail. Notices delivered by overnight service shall be deemed to have been given twenty-four (24) hours after delivery of the same, charges prepaid, to the U.S. postal service or private courier. If any notice is sent by facsimile transmission the same shall be deemed served or delivered within twenty-four (24) hours after confirmation of the transmission thereof. Any notice or other document sent or delivered in any other manner shall be effective only if and when received. Rejection or other refusal to accept delivery, or the inability to deliver because of a changed address of which no notice was given, shall be deemed to constitute receipt of notice or other communication sent.

**12.04 Execution of Other Documents.** The parties hereto agree that they will cooperate with each other and will execute and deliver, or cause to be delivered, all such other instruments; and will take all such other actions, as any party hereto reasonably requests from time to time in order to effectuate the provisions and purposes hereof.

**12.05 Brokers.** The Members warrant and represent, respectively, that they have not dealt with any person, firm or corporation who is or may be entitled to a brokerage commission, finder's fee or other like payment from the Company or any of the Members on account of the negotiation or consummation of this Agreement, the creation of the Company or the acquisition of any of the property of the Company and each of the Members does hereby indemnify, defend, protect and agree to hold harmless the other from and against any and all loss, cost, liability or expense (including reasonable attorneys' fees) should its warranty and representation contained herein be false or prove inaccurate.

**12.06 Waiver.** No consent or waiver, express or implied, by any Member to or of any breach or default by the other in the performance by the other of the obligations of such Member hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Member hereunder. Failure on the part of any Member to complain of any act or failure to act of any other Member or to declare any other Member in default, irrespective of how long such failure continues, shall not constitute a waiver by such Member of its rights hereunder.

**12.07 Equitable Remedies.** Each Member shall, in addition to all other rights provided herein or as may be provided by law, be entitled to all equitable remedies including those of specific performance and injunction, to enforce its rights hereunder.

**12.08 Captions, Gender.** The headings of the Articles and Sections of this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof. Where the context so requires, the use of the neuter gender shall include the masculine and feminine genders, and the masculine gender shall include the feminine and neuter genders and the singular shall include the plural and vice versa.

**12.09 Benefits and Obligations.** The representations, covenants and agreements herein contained shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns. Any person succeeding to the Membership Interest of a Member shall succeed to all of such Member's rights, interests and obligations hereunder, subject to and with the benefit of all terms and conditions of this Agreement, including the restrictive conditions contained herein.

**12.10 Severability.** If any provision of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstance, other than as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision shall be valid and shall be enforced to the fullest extent permitted by law.

**12.11 Applicable Law.** This Agreement and the rights and obligations of the Members hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware; provided, however, issues concerning title to the Property shall be governed by the laws of the state where the Property is located. The parties further agree that venue shall be proper in the Superior Court or federal district court for Orange County, California, in the event

of any litigation between the parties with respect to this Agreement. In connection thereto, the parties hereby waive any claim of proper venue in any other jurisdiction and any objection to venue as described herein, and personally and unconditionally submit to the jurisdiction of the Superior Court or federal district court for Orange County, California.

**12.12 No Third Party Beneficiary.** Any agreement to pay any amount and any assumption of liability herein contained, express or implied, shall be only for the benefit of the Members and their respective successors and assigns, and such agreements and assumption shall not inure to the benefit of the obligees of any indebtedness or any other Person, it being the intention of the Members that there shall be no third party beneficiaries of the obligations of the Members in this Agreement.

**12.13 Exhibits.** Each of the Exhibits attached hereto is hereby incorporated herein and made a part hereof for all purposes, and references herein thereto shall be deemed to include this reference and incorporation.

**12.14 Estoppels.** Each Member shall, upon not less than fifteen (15) days written notice from the other Member, execute and deliver to such other Member a statement certifying that this Agreement is unmodified and in full force and effect (or, if modified, the nature of the modification) and whether or not there are, to such Member's knowledge, any uncured defaults on the part of the other Member, specifying such defaults if any are claimed. Any such statement may be relied upon by the requesting Member and any third parties.

**12.15 References to this Agreement.** Numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement unless otherwise expressly stated. The words "herein," "hereof," "hereunder," "hereby," "this Agreement" and other similar references shall be construed to mean and include this Agreement and all amendments thereof and supplements hereto unless the context shall clearly indicate or require otherwise. The word "including" means "including, without limitation."

**12.16 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same document.

**12.17 Time.** Time is of the essence with respect to each provision herein setting forth a time for any performance.

**12.18 Investment Representations.** Each Member, by executing and delivering a copy of this Agreement, hereby represents and warrants to and covenants with each other Member and the Company as follows:

(a) **Acquisition for Own Account.** The Membership Interest is being acquired for its own account, for investment, and not with a view to or for sale in connection with any distribution thereof. In that connection, the Member recognizes and understands that the Membership Interest being purchased and sold hereunder has not been registered under the Securities Act nor qualified under any applicable securities laws, as amended, by reason of the fact that the contemplated transaction constitutes a private offering within the meaning of

Section 4(2) of the Securities Act and Regulation D, promulgated thereunder, and is exempt from qualification pursuant to applicable State securities laws.

(b) **Use of Counsel.** Each Member has been fully advised of the facts respecting the formation of the Company and has been given the opportunity to consult its legal counsel with respect to the Company. Each Member hereby agrees that the offer and sale of the Membership Interest to it does not involve any public offering of such Membership Interest.

**12.19 Nondiscrimination.** During the term of this Agreement, none of the Members nor any of their respective Affiliates, employees or agents shall unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex. The Members and their respective Affiliates, employees and agents shall assure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. Managing Member and its Affiliates, employees and agents shall comply with the provisions of the California Fair Employment and Housing Act (Section 12900 et. seq. of the California Government Code) and the applicable regulations promulgated thereunder (California Administrative Code, Title 2, Section 7286.0 et. seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Administrative Code are incorporated herein by this reference and are made a part hereof as if set forth herein in full. The Members and their respective Affiliates, employees and agents shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. The Managing Member and its Affiliates shall include the foregoing nondiscrimination compliance provisions in all contracts to perform work or provide services under this Agreement. During the term of this Agreement, the Members and their respective Affiliates, employees and agents shall conduct their respective activities in accordance with Title VI of the Civil Rights Act of 1964 and the rules and regulations promulgated therein.

**12.20 Exculpation and Waiver.** Cameo acknowledges that the System is a limited partner in a member of L/S Partners. Notwithstanding any other term or provision of this Agreement, System's liability hereunder is solely that of a limited partner in a member of L/S Partners and no personal or direct liability shall at any time be asserted or enforceable against System, its Board, any member thereof, or any employee or agent of System on account of or arising out of any obligations arising out of or related to this Agreement. Cameo agrees that it shall look solely to the Membership Interest of L/S Partners under this Agreement for the enforcement of any claims against L/S Partners arising hereunder or related hereto, and waives any claim against the members of L/S Partners and the partners of its members including the System, irrespective of the compliance or noncompliance now or in the future with any requirements relating to the limitation of liability of members or limited partners.

**12.21 Confidentiality.**

(a) Each Member hereby acknowledges and agrees that during the term of this Agreement and in the course of the discharge of such Member's duties hereunder, such Member and its officers, directors, shareholders, partners, members, managers, affiliates, employees and agents (collectively, "Parties") may have access to, either directly or indirectly, orally or in

writing, matters affecting or relating to the business, trade secrets and proprietary information of the other Member's Parties, including, without limitation, market attractiveness studies, output from the proprietary Market Attractiveness System of an affiliate of L/S Partners, market analysis, contracts, files, computer software programs and spreadsheets, marketing strategies, operational procedures, financial information, pricing and bid information, marketing tools, research and development strategies, pending projects, and proposals and other information that is owned by or regularly used in the operation of the business of any and all of the other Member's Parties (collectively, "Confidential Information").

(b) Each Member, on behalf of itself and its related Parties, agrees to maintain the terms and provisions of this Agreement in confidence and not to disclose the terms or provisions hereof except as may be required to perform its duties and obligations hereunder or as may be required under applicable law. In addition, each Member, on behalf of itself and its related Parties, hereby agrees that (i) none of such Member's Parties shall disclose any such Confidential Information of the other Member's Parties, directly or indirectly, to any other Person or use them in any way, either during the term of this Agreement or at any other time thereafter, except as is required in the course of such Member's duties with respect to the Company; (ii) all Confidential Information of the other Member's Parties shall remain exclusively the property of the other Member's Parties; (iii) all Confidential Information of the other Member's Parties is agreed to be valuable, special and unique assets of the other Member's Parties; (iv) upon the dissolution of the Company or upon a Member's transfer of its Membership Interest in the Company, such Member shall return to the other Member any and all such Confidential Information of the other Member's Parties, and such Member shall neither make nor allow to be made or retained by any Person any copies, duplicates, abstracts, summaries or other compilation or recollection of any such Confidential Information of the other Member's Parties; (v) such Member shall protect, defend (with counsel satisfactory to the other Member), indemnify and hold the other Member and its Parties free and harmless from and against any and all liability, loss, cost, damage or expense (including without limitation, attorneys' fees and expenses) arising out of or relating in any manner whatsoever to any breach or alleged breach of any of such Member's Parties under this Section 12.21; and (vi) the obligations of such Member under this Section 12.21 shall survive the dissolution of the Company and/or the transfer of such Member's Membership Interest in the Company.

**12.22 Standard for Consent.** Whenever the determination, consent or approval of either Member is permitted or required herein, except in instances where this Agreement provides that such determination, consent or approval may be made or withheld in the "discretion" of such Member, such determination, consent or approval shall not be unreasonably made, withheld or delayed. Whenever the determination, consent or approval of either Member is permitted or required herein and this Agreement provides that such determination, consent or approval may be made or withheld in such Member's "discretion," such determination, consent or approval may be made or withheld in the sole and absolute discretion of such Member.

**12.23 Responsible Contractor Policy and Guidelines.** Attached hereto as Exhibit "D" are the Responsible Contractor Policy and Guidelines adopted by the System. Managing Member agrees to comply and require all parties contracting with the Company to comply with the goals and requirements of such Policy and Guidelines.





IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate as of the date first above written.

**"Cameo":**

213 BANNING LLC, a California limited liability company

By: Cameo Homes, a California Corporation  
Its: Manager

By: [Signature]  
Its: \_\_\_\_\_

**"L/S Partners"**

LAING/SEQUOIA PARTNERS LLC, a Delaware limited liability company

By: WL Land LLC, a Delaware limited liability company, its Managing Member

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

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

2 of 3

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate as of  
the date first above written.

"Cameo":

213 BANNING LLC, a California limited  
liability company

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

Its: \_\_\_\_\_

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

Its: \_\_\_\_\_

"L/S Partners"

LAING/SEQUOIA PARTNERS LLC, a  
Delaware limited liability company

By: WL Land LLC, a Delaware limited  
liability company, its Managing  
Member

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

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

**EXHIBIT "A-1"**

**LEGAL DESCRIPTION OF 63 ACRE PROPERTY**

(See attached)

**LEGAL DESCRIPTION**

Real property in the unincorporated area of the County of Riverside, State of California, described as follows:

**TENTATIVE TRACT MAP 33384 BEING A SUBDIVISION OF THE FOLLOWING DESCRIBED PROPERTY:**

**LOT 9 OF ALMCOT TRACT, AS SHOWN BY MAP ON FILE IN BOOK 18 PAGE 3 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**APN: 537-190-006**

**EXHIBIT A-1**

*First American Title*

Exhibit N  
Page 732

**EXHIBIT "A-2"**

**LEGAL DESCRIPTION OF 160 ACRE PROPERTY**

(See attached)

**LEGAL DESCRIPTION**

Real property in the unincorporated area of the County of Riverside, State of California, described as follows:

**TENTATIVE TRACT MAP 33383 BEING A SUBDIVISION OF THE FOLLOWING DESCRIBED PROPERTY:**

**PARCELS 1 THROUGH 8, INCLUSIVE AND LETTERED LOTS A THROUGH S, INCLUSIVE, OF PARCEL MAP 28972, RECORDED IN BOOK 204 PAGES 31 AND 32 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**APN: 537-200-031, 537-200-032, 537-200-033, 537-200-034, 537-200-035, 537-200-036, 537-200-037, 537-200-038.**

**EXHIBIT A-2**

*First American Title*

Exhibit N  
Page 734

**EXHIBIT "B"**

**INITIAL BUSINESS PLAN**

**(See attached)**

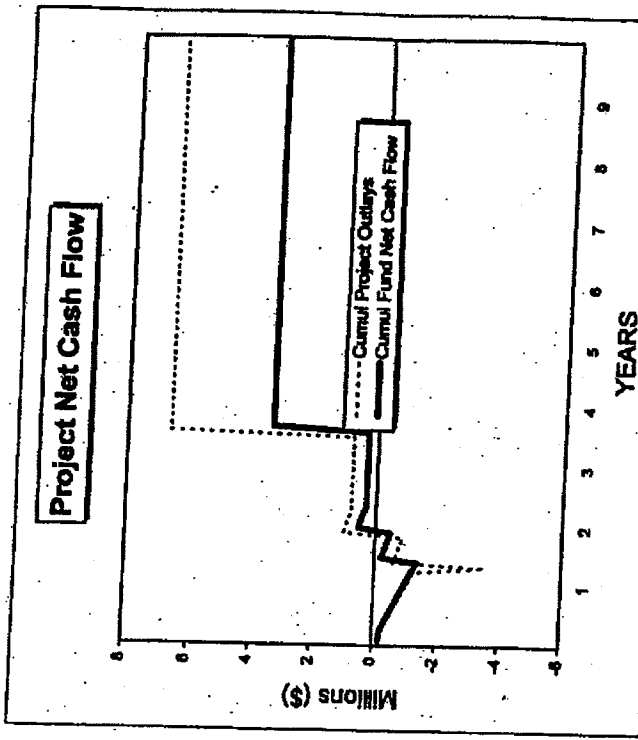
# South Banning Properties LLC

## LAND PROJECT SUMMARY

**BUILDER:** South Banning Properties LLC  
**LOCATION:** Banning, CA  
**FILENAME:** EXH B to JV.DOC 7-18-05.xls  
 7/18/05 10:23 AM  
 Pref Rate = 12.00%

**DEAL ORIGINATOR:**  
**CHIEF FIN OFFICER:**

Budget Item	Lots Sold	Revenue or Cost	Avg Per Lot	% of Sales
Year 1	0	0	0	0.0%
Year 2	380	5,159,122	13,229	46.4%
Year 3	0	0	0	0.0%
Year 4	160	5,950,512	37,191	53.6%
Year 5	0	0	0	0.0%
Year 6	0	0	0	0.0%
Year 7	0	0	0	0.0%
Year 8	0	0	0	0.0%
Year 9	0	0	0	0.0%
Year 10+	0	0	0	0.0%
<b>Residual Sales</b>	<b>550</b>	<b>11,109,634</b>	<b>20,199</b>	<b>100.0%</b>
Other Land Revenue		0	0	0.0%
CFD Reimbursements		0	0	0.0%
Price Appreciation		0	0	0.0%
Other Revenue		0	0	0.0%
<b>Total Revenues</b>	<b>550</b>	<b>11,109,634</b>	<b>20,199</b>	<b>100.0%</b>
<b>Land Acquisition</b>		<b>2,118,500</b>	<b>3,852</b>	<b>18.1%</b>
Planning & Fees		1,489,763	2,709	13.4%
Backbone & Offsites		0	0	0.0%
In Tract Improvements		0	0	0.0%
Indirects & Mktg Costs		0	0	0.0%
Contingency		0	0	0.0%
Cameo Overhead		195,000	355	1.8%
Laing Sequoia Overhead		96,000	175	0.9%
Other Finance		240,000	436	2.2%
Costs at Sale		12,500	23	0.1%
Preferred Return		276,098	502	2.5%
<b>Total Costs</b>		<b>4,674,192</b>	<b>8,499</b>	<b>42.1%</b>
<b>Projected Profit</b>		<b>6,435,442</b>	<b>11,701</b>	<b>57.9%</b>



	Total Contributions	Percent of Contributions	IRR
Cameo	2,118,500	51.0%	259.8%
Laing Sequoia Partners	2,033,263	49.0%	91.4%
Other	0	0.0%	na
Third-Party Loans	0	0.0%	na
<b>Total Project</b>	<b>4,151,763</b>	<b>100.0%</b>	<b>121.2%</b>

	Preferred Return	Profit Partic	Net Distributions
Cameo	48,188	3,217,721	3,263,909
Laing Sequoia Partners	200,144	3,217,721	3,417,865
Other	0	0	0
<b>Net Distributions</b>	<b>248,332</b>	<b>6,435,442</b>	<b>6,681,775</b>

EXHIBIT "B"

Exhibit Page 736



**PROFORMA RECONCILIATION**

FILE NAME :  
 FILE DATE :

EXH B to JV DOC 7-18-05.xls  
 07/18/05

South Banning Properties LL  
 07/18/05

	IHP PROFORMA	Per Lot	% of Sales	DEVELOPER PROFORMA	Per Lot	% of Sales	VARIANCE AMOUNT	Per Lot
Residual Sales	11,109,634	20,199	100.0%	11,109,634	20,199	100.0%	0	0
Other Land Revenue	0	0	0.0%	0	0	0.0%	0	0
CFD Reimbursements	0	0	0.0%	0	0	0.0%	0	0
Price Appreciation	0	0	0.0%	0	0	0.0%	0	0
Other Revenue	0	0	0.0%	0	0	0.0%	0	0
<b>TOTAL REVENUES</b>	<b>11,109,634</b>	<b>20,199</b>	<b>100.0%</b>	<b>11,109,634</b>	<b>20,199</b>	<b>100.0%</b>	<b>0</b>	<b>0</b>
Land Acquisition	2,118,500	3,852	19.1%	2,118,500	3,852	19.1%	0	0
Deposits	0	0	0.0%	0	0	0.0%	0	0
Williams Act	0	0	0.0%	0	0	0.0%	0	0
Option Costs	0	0	0.0%	0	0	0.0%	0	0
Other Closing Costs	0	0	0.0%	0	0	0.0%	0	0
<b>Land Acquisition</b>	<b>2,118,500</b>	<b>3,852</b>	<b>19.1%</b>	<b>2,118,500</b>	<b>3,852</b>	<b>19.1%</b>	<b>0</b>	<b>0</b>
Due Diligence	190,210	348	1.7%	190,210	348	1.7%	0	0
Entitlements - 83 AC	408,580	745	3.7%	408,580	745	3.7%	0	0
Other Indirects - 83 AC	0	0	0.0%	0	0	0.0%	0	0
Entitlements - 180 AC	864,993	1,209	8.0%	864,993	1,209	8.0%	0	0
Other Indirects - 180 AC	0	0	0.0%	0	0	0.0%	0	0
Consultant Project Mgmt- 63AC	80,000	109	0.5%	80,000	109	0.5%	0	0
Consultant Proj Mgmt - 180 AC	90,000	164	0.8%	90,000	164	0.8%	0	0
Backbone Engineering	0	0	0.0%	0	0	0.0%	0	0
Consultant Incentives - 83	30,000	55	0.3%	30,000	55	0.3%	0	0
Consultant Incentives - 180	45,000	82	0.4%	45,000	82	0.4%	0	0
Misc	0	0	0.0%	0	0	0.0%	0	0
<b>Planning &amp; Fees</b>	<b>1,489,783</b>	<b>2,709</b>	<b>13.4%</b>	<b>1,489,783</b>	<b>2,709</b>	<b>13.4%</b>	<b>0</b>	<b>0</b>
Bring Ups	0	0	0.0%	0	0	0.0%	0	0
Mass Grading	0	0	0.0%	0	0	0.0%	0	0
Backbone Roads	0	0	0.0%	0	0	0.0%	0	0
Backbone Utilities	0	0	0.0%	0	0	0.0%	0	0
Lease Reimbursements	0	0	0.0%	0	0	0.0%	0	0
Common Area Costs	0	0	0.0%	0	0	0.0%	0	0
Intract Improvements	0	0	0.0%	0	0	0.0%	0	0
Contingency	195,000	355	1.8%	195,000	355	1.8%	0	0
<b>Land Development</b>	<b>195,000</b>	<b>355</b>	<b>1.8%</b>	<b>195,000</b>	<b>355</b>	<b>1.8%</b>	<b>0</b>	<b>0</b>
Direct Site Overhead	0	0	0.0%	0	0	0.0%	0	0
Bond Premiums	0	0	0.0%	0	0	0.0%	0	0
Insurance	0	0	0.0%	0	0	0.0%	0	0
Legal, JV	0	0	0.0%	0	0	0.0%	0	0
HOA formation	0	0	0.0%	0	0	0.0%	0	0
Property Taxes	0	0	0.0%	0	0	0.0%	0	0
CFD Assessments	0	0	0.0%	0	0	0.0%	0	0
Marketing & Advertising	0	0	0.0%	0	0	0.0%	0	0
Misc Indirects	0	0	0.0%	0	0	0.0%	0	0
<b>Indirects &amp; Mitg Costs</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>
<b>Builder Overhead</b>	<b>98,000</b>	<b>178</b>	<b>0.9%</b>	<b>98,000</b>	<b>178</b>	<b>0.9%</b>	<b>0</b>	<b>0</b>
L/S Overhead Fee	240,000	436	2.2%	240,000	436	2.2%	0	0
Due Diligence	0	0	0.0%	0	0	0.0%	0	0
Inspections	0	0	0.0%	0	0	0.0%	0	0
Annual Audits	12,500	23	0.1%	7,500	14	0.1%	5,000	8
Seller / Bank Interest Exp	0	0	0.0%	0	0	0.0%	0	0
Misc Finance Cost	0	0	0.0%	0	0	0.0%	0	0
<b>Other Finance Costs</b>	<b>252,500</b>	<b>459</b>	<b>2.3%</b>	<b>247,500</b>	<b>459</b>	<b>2.2%</b>	<b>5,000</b>	<b>8</b>
Sales Commission	111,098	202	1.0%	111,098	202	1.0%	0	0
Closing Costs	165,000	300	1.5%	165,000	300	1.5%	0	0
Other Costs At Sale	0	0	0.0%	0	0	0.0%	0	0
Land Sale Costs	0	0	0.0%	0	0	0.0%	0	0
Marketing Fees Received	0	0	0.0%	0	0	0.0%	0	0
Seller Participation	0	0	0.0%	0	0	0.0%	0	0
Reserves / Holdbacks	0	0	0.0%	0	0	0.0%	0	0
<b>Costs at Sale</b>	<b>276,098</b>	<b>502</b>	<b>2.6%</b>	<b>276,098</b>	<b>502</b>	<b>2.6%</b>	<b>0</b>	<b>0</b>
<b>Preferred Return</b>	<b>246,332</b>	<b>448</b>	<b>2.2%</b>	<b>246,332</b>	<b>448</b>	<b>2.2%</b>	<b>0</b>	<b>0</b>
<b>TOTAL COSTS</b>	<b>4,674,192</b>	<b>8,498</b>	<b>42.1%</b>	<b>4,669,192</b>	<b>8,489</b>	<b>42.0%</b>	<b>5,000</b>	<b>8</b>
<b>PROFORMA PROFITS</b>	<b>6,435,442</b>	<b>11,701</b>	<b>57.9%</b>	<b>6,440,442</b>	<b>11,710</b>	<b>58.0%</b>	<b>(5,000)</b>	<b>(8)</b>

Project Cash Flow - Page 1

PROJECT TOTAL	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Initial Inventory											
Charging (S)											
Appreciation											
Revenue											
Costs At Sale											
<b>TOTAL RECEIPTS</b>											
Acquisition											
Printing & Fees											
Attorneys & Offices											
Land Improvements											
Tracts & Milling Costs											
Contingency											
Order Overhead											
Order Fee											
Order Finance Costs											
Ordering Capital											
<b>TOTAL OUTLAYS</b>											
(LEVERAGED CASH FLOW											
NET BALANCE											
PEAKS>>											
Order Financing											
Order Financing											
ORDER-PARTY FINANCE											
NET NET CASH FLOW											
MONTHLY PROFIT DISTRIBUTION											
Contributions											
Capital Returned											
Capital Balance											
Order Profit Returned											
Order Profit Returned											
Order Profit Returned											
Order Profit Balance											
Order Profit											
<b>ORDER - NET CASH FLOW</b>											
Order Contributions											
Order Capital Returned											
Order Capital Balance											
Order Profit Returned											
Order Profit Returned											
Order Profit Returned											
Order Profit Balance											
Order Profit											
<b>ORDER - NET CASH FLOW</b>											
Contributions											
Capital Returned											
Capital Balance											
Order Profit Returned											
Order Profit Returned											
Order Profit Returned											
Order Profit Balance											
Order Profit											
<b>- NET CASH FLOW</b>											

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Project Cash Flow - Page 2

PROJECT TOTAL	May-08 12	Jun-08 13	Jul-08 14	Aug-08 15	Sep-08 16	Oct-08 17	Nov-08 18	Dec-08 19	Jan-09 20	Feb-09 21	Mar-09 22
Acquisitions (3)							140				
Appreciation							3,049,872				
Revenue							(70,278)				
Costs At Sale							2,879,693				
TOTAL RECEIPTS							30,200	30,200	30,200	30,200	30,200
Acquisition	63,740	63,740	63,740	63,740	63,740	2,118,500					
Legal & Fees						83,740					
Commissions & Offsets											
Improvements											
Land & Milling Costs											
Engineering											
Overhead											
Finance Costs	4,000	4,000	4,000	4,000	4,000	15,000	15,000	15,000	15,000	15,000	15,000
Working Capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL OUTLAYS	77,740	77,740	77,740	77,740	77,740	2,241,240	59,200	61,700	61,700	61,700	61,700
ADJUSTED CASH FLOW	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(2,241,240)	(28,000)	(31,500)	(31,500)	(31,500)	(31,500)
START BALANCE	6,681,775	6,681,775	6,681,775	6,681,775	6,681,775	6,681,775	6,681,775	6,681,775	6,681,775	6,681,775	6,681,775
ENDING BALANCE	6,667,775	6,667,775	6,667,775	6,667,775	6,667,775	6,667,775	6,667,775	6,667,775	6,667,775	6,667,775	6,667,775
FINANCING	684,357	684,357	684,357	684,357	684,357	684,357	684,357	684,357	684,357	684,357	684,357
RD-PARTY FINANCE											
NET CASH FLOW	540,357	540,357	540,357	540,357	540,357	540,357	540,357	540,357	540,357	540,357	540,357
CONTRIBUTIONS											
Capital Returned	834,397	834,397	834,397	834,397	834,397	834,397	834,397	834,397	834,397	834,397	834,397
Capital Balance	9,027	9,027	9,027	9,027	9,027	9,027	9,027	9,027	9,027	9,027	9,027
Prof Return Earned	1,012,107	1,012,107	1,012,107	1,012,107	1,012,107	1,012,107	1,012,107	1,012,107	1,012,107	1,012,107	1,012,107
Prof Return Paid	9,895	9,895	9,895	9,895	9,895	9,895	9,895	9,895	9,895	9,895	9,895
Prof Return Balance	55,148	55,148	55,148	55,148	55,148	55,148	55,148	55,148	55,148	55,148	55,148
Profit Partic											
NET CASH FLOW	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)
OPER CONTRIBUTIONS											
OPER CAPITAL RETURNED											
OPER CAPITAL BALANCE											
OPER PROF RETURN EARNED											
OPER PROF RETURN PAID											
OPER PROF RETURN BALANCE											
OPER PROFIT PARTIC											
NET CASH FLOW	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)
CONTRIBUTIONS											
Capital Returned											
Capital Balance											
Prof Return Earned											
Prof Return Paid											
Prof Return Balance											
Profit Partic											
NET CASH FLOW	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)	(77,740)

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Project Cash Flow - Page 3

10th Manning Properties LLC  
 10th Manning Properties LLC  
 Irving, CA  
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PROJECT TOTAL	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
	23	24	26	26	27	28	28	30	31	32	33
Initials (\$)		250									
Appreciation		2,109,250									
Revenues											
Costs At Sale		(125,488)									
<b>ALL RECEIPTS</b>		1,983,762									
Acquisition	30,200	30,200	30,200	30,200	30,200	75,200					
Legal & Fees											
Joint & Office											
Improvements	15,000	15,000	15,000	15,000	15,000	15,000					
Site & Misc Costs	4,000	4,000	4,000	4,000	4,000						
Contingency	10,000	10,000	10,000	10,000	10,000						
Overhead											
Finance Costs											
Financing											
<b>ALL OUTLAYS</b>	59,200	59,200	45,200	45,200	45,200	90,200				2,500	
<b>EVERY MONTH BALANCE</b>	(59,200)	1,924,562	(45,200)	(45,200)	(45,200)	(90,200)	(819,062)	(619,062)	(619,062)	(616,562)	(616,562)
Financing	679,871	(1,044,880)	(969,681)	(854,481)	(909,281)	(819,062)				(2,500)	
Financing											
<b>ID-PARTY FINANCE</b>											
<b>NET CASH FLOW</b>	(59,200)	1,924,562	(45,200)	(45,200)	(45,200)	(90,200)				(2,500)	
<b>NET CASH FLOW</b>	59,200	59,200	45,200	45,200	45,200	90,200				2,500	
Contributions	623,030	662,229	45,200	45,200	45,200	90,200				2,500	
Capital Returned											
Capital Balance	200,144	6,456	45,200	90,398	135,598	225,798	225,799	225,799	225,799	228,299	228,299
Net Return Earned	5,606	6,456	45,200	452	909	1,370	2,285	2,308	2,331	2,355	2,403
Net Return Paid	22,610	29,088		452	1,381	2,730	5,015	7,324	9,655	12,009	14,412
Net Return Balance	3,217,721	420,517		452	1,381	2,730	5,015	7,324	9,655	12,009	14,412
<b>NET CASH FLOW</b>	(59,200)	1,072,613	(45,200)	(45,200)	(45,200)	(90,200)				(2,500)	
per Contributions											
per Capital Returned											
per Capital Balance	2,116,500	406,419									
per Prof Return Earned	46,188	4,272									
per Prof Return Paid	46,188	25,003									
per Profit Balance	3,217,721	420,517									
<b>NET CASH FLOW</b>	3,253,909	851,939									
Contributions											
Capital Returned											
Capital Balance											
Net Return Earned											
Net Return Paid											
Net Return Balance											
Profit Paid											
<b>NET CASH FLOW</b>											

Project Cash Flow - Page 4

	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
	34	35	36	37	38	39	40	41	42	43	44
<b>PROJECT TOTAL</b>											
Initial Inventory	11,109,634										180
Cashings (\$)											5,950,512
depreciation											(80,319)
Revenue											5,870,193
Cost of Sale											
<b>TOTAL RECEIPTS</b>											
Acquisition											
Printing & Fees											
Abandon & Offsites											
Facilities Improvements											
Incidents & Mfg Costs											
Agency											
Overhead											
Finance Costs											
Financing Capital											
<b>TOTAL OUTLAYS</b>											
LEVERED CASH FLOW											
NET BALANCE											5,000
Financing											5,865,193
Financing											(6,681,775)
<b>IRD-PARTY FINANCE</b>											
PROJECT NET CASH FLOW											
MONTHLY PROFIT DISTRIBUTION											
Contributions											
Capital Returned											
Capital Balance											
Prof Return Earned											
Prof Return Paid											
Prof Return Balance											
Profit Parity											
<b>RD - NET CASH FLOW</b>											
Owner Contributions											
Owner Capital Returned											
Owner Capital Balance											
Owner Prof Return Earned											
Owner Prof Return Paid											
Owner Prof Return Balance											
Owner Profit Parity											
<b>Owner - NET CASH FLOW</b>											
Contributions											
Capital Returned											
Capital Balance											
Prof Return Earned											
Prof Return Paid											
Prof Return Balance											
Profit Parity											
<b>NET CASH FLOW</b>											

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