AMENDED AND RESTATED OPERATING AGREEMENT

FOR

FOOTHILL MORTGAGE FUND OF OLYMPIA, LLC

Dated

May 20, 2016

THE MEMBERSHIP INTERESTS UNITS REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. ACCORDINGLY, THERE ARE SUBSTANTIAL RESTRICTIONS ON TRANSFER, AS SET FORTH IN THIS AGREEMENT. THESE INTERESTS MAY BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO DISTRIBUTE OR RESELL AND MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR OFFERED TO BE SO TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH INTERESTS UNDER THE SECURITIES ACT OF 1933 OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS, TO ESTABLISH WHICH THE MANAGER MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO IT THAT SUCH REGISTRATION IS NOT REQUIRED. THERE IS NO PUBLIC MARKET FOR THE INTERESTS AND NONE IS LIKELY TO DEVELOP. THE MANAGER AND THE COMPANY ARE UNDER NO OBLIGATION TO REGISTER THE MEMBERSHIP INTERESTS.

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THESE UNITS, OR ANY INTEREST THEREIN OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED BY THE COMMISSIONER'S RULES.

AMENDED AND RESTATED OPERATING AGREEMENT
FOR
FOOTHILL MORTGAGE FUND OF OLYMPIA, LLC

THIS AMENDED AND RESTATED OPERATING AGREEMENT ("**Agreement**") is made and entered into effective as of May 20, 2016 ("**Effective Date**"), by and among Olympia Mortgage & Investment Company, Inc., a California corporation ("**Manager**"), the Class B Members of the Company existing as of the Effective Date ("**Existing Members**") and such Persons as may hereafter be admitted as Members pursuant to the terms of this Agreement.

RECITALS

A. On February 11, 2011, Articles of Organization for Foothill Mortgage Fund of Olympia , LLC, a California limited liability company (the "**Company**") were filed with the California Secretary of State.

B. The Company is currently governed by that certain Operating Agreement for the Company dated May 2, 2011 (the "**Prior Operating Agreement**").

C. Pursuant to the terms of the Prior Operating Agreement: (i) membership interests in the Company are comprised of two membership classes designated "Class A Interests" and "Class B Interests"; (ii) the Class A Interest was issued to the Manager's affiliate, Olympia Mortgage Fund, LLC ("**OMF**"); (iii) membership interests issued to all other Members of the Company are currently designated "Class B Interests; and (iv) upon the full redemption of the Class A Interest the Manager is authorized to amend the Prior Agreement to reflect such redemption and the existence of a single membership class.

D. The Class A Interest has now been fully redeemed and withdrawn in accordance with the Prior Operating Agreement and Class B Interests represent the sole membership interests and Class B Members are the sole members of the Company.

E. In light of the foregoing, the Manager now desires to amend and restate the Prior Operating Agreement to reflect the redemption of the Class A Interest and the existence of only one class of membership interest in the Company, all on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, the parties by this Agreement set forth the operating agreement for the Company under the laws of the State of California upon the terms and subject to the conditions of this Agreement, which Agreement shall amend, restate and supersede the Prior Operating Agreement in its entirety as of the Effective Date.

ARTICLE I
DEFINITIONS

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

1.1 "**Act**" shall mean the Beverly-Killea Limited Liability Company Act, codified in the California Corporations Code, Section 17000 et. seq., as the same may be amended from time to time.

1.2 "**Affiliate**" shall mean, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such Person, (iii) any officer, director or general partner of such Person, or (iv) any Person who is an officer, director, general partner, trustee or holder of ten percent (10%) or more of the voting securities of any Person described in clauses (i) through (iii) of this sentence.

1.3 "**Affiliate Members**" shall mean those Persons that continue to be members of the Company's affiliate, OMF.

1.4 "**Agreement**" shall mean this Amended and Restated Operating Agreement, as the same may hereafter be amended from time to time.

1.5 "**Articles**" shall mean the Articles of Organization for the Company originally filed with the California Secretary of State and as amended from time to time.

1.6 "**Asset Management Fee**" shall have the meaning given in Section 11.1.

1.7 "**Bankruptcy**" shall mean: (a) the filing of an application by a Person for his, her or its consent to the appointment of a trustee, receiver, or custodian of his, her or its other assets; (b) the entry of an order for relief with respect to a Person in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time; (c) the making by a Person of a general assignment for the benefit of creditors; (d) the entry of an order, judgment, or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of a Person unless the proceedings and the person appointed are dismissed within ninety (90) days; or (e) the failure by a Person generally to pay his, her or its debts as the debts become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of his, her or its inability to pay his, her or its debts as they become due.

1.8 "**Capital Account**" shall mean, with respect to any Member, the capital account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive share of Profits and any items in the nature of income or gain (from unexpected adjustments, allocations or distributions) that are specially

allocated to a Member and the amount of any Company liabilities that are assumed by such Member or that are secured by any Company property distributed to such Member.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member, such Member's distributive share of Losses and any items in the nature of expenses or losses that are specially allocated to a Member and the amount of any liabilities of such Member that are assumed by the Company or that are secured by any property contributed by such Member to the Company.

(c) In the event any interest in the Company is transferred according to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In the event the Gross Asset Values of the Company assets are adjusted pursuant to Section 1.20, the Capital Accounts of all Members shall be adjusted simultaneously to reflect the aggregate net adjustment as if the Company recognized gain or loss equal to the amount of such aggregate net adjustment.

The provisions of this Section and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such regulations. In the event it is necessary to modify the manner in which the Capital Accounts are computed in order to comply with such regulations, the Manager shall make such modifications. The Manager shall adjust the amounts debited or credited to the Capital Accounts with respect to (i) any property contributed to the Company or distributed to any Member and (ii) any liabilities that are secured by such contributed or distributed property or that are assumed by the Company in the event the Manager shall determine that such adjustments are necessary or appropriate pursuant to Regulations Section 1.704-1(b)(2)(iv). The Manager shall also make any adjustments that are necessary or appropriate to maintain equality between the aggregate Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, and are otherwise in accordance with Regulations Section 1.701-1(b)(2)(iv)(q). The Manager shall also make appropriate modifications if unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704 1(b).

1.9 "**Capital Contribution**" shall mean the total value of cash and fair market value of property contributed to the Company by the Members in accordance with Article V.

1.10 "**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law and, to the extent applicable, the Regulations.

1.11 "**Company**" shall mean Foothill Mortgage Fund of Olympia, LLC, the California limited liability company formed and governed by this Agreement.

1.12 "**Company Minimum Gain**" shall have the meaning ascribed to the term "Company Minimum Gain" in the Regulations Section 1.704-2(d).

1.13 "**Depreciation**" shall mean, for each Fiscal Year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis.

1.14 "**Economic Interest**" shall mean the right to receive distributions of the Company's assets and allocations of income, gain, loss, deduction, credit and similar items from the Company pursuant to this Agreement and the Act, but shall not include any other rights of a Member, including, without limitation, the right to vote or participate in the management of the Company, except as may expressly be provided in the Act.

1.15 "**Economic Interest Owner**" shall mean the owner of an Economic Interest who is not a Member.

1.16 "**Electing Members**" shall mean the those Members electing to receive monthly distributions of Company earnings in accordance with Section 4.2(b).

1.17 "**ERISA Plan Asset Regulations**" shall have the meaning given in Section 4.2(b).

1.18 "**ERISA Plan Investor**" shall mean any Member that is a pension or profit-sharing plan, Keogh Plan, 401(k) plan, Individual Retirement Account or other employee benefit plan qualified under the Employee Retirement Income Security Act of 1974, as amended.

1.19 "**Fiscal Year**" shall mean the Company's fiscal year which shall be the calendar year.

1.20 "**Fractional Interest Investments**" shall mean undivided fractional interests in loans purchased by the Company, arranged and serviced by the Manager or a third party licensed real estate broker.

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

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (i) the contribution of more than a de minimis amount of money or other property to the Company by a new or existing Member as consideration for a Membership Interest in the Company; (ii) the distribution by the Company to either a withdrawing or continuing Member of more than a de minimis amount of money or other property as consideration for an interest in the

Company; and (iii) the termination of the Company for federal income tax purposes pursuant to Code Section 708(b)(1)(B); and

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

1.22 "**Incapacity**" means the Bankruptcy, dissolution, liquidation, adjudication of incompetency or death of any Person.

1.23 "**Invested Capital**" shall mean, as of any date, each Member's unreturned Capital Contribution in the Company as reflected in such Member's Capital Account as of such date.

1.24 "**Majority Interest of the Members**" shall mean, as of any given date one or more Members that cumulatively hold Percentage Interests in the Company which taken together exceed fifty percent (50%) of the aggregate Percentage Interests of all Members.

1.25 "**Manager**" shall mean Olympia Mortgage & Investment Company, Inc., a California corporation, or any person or entity substituted in place thereof pursuant to this Agreement.

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

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

1.28 "**Members**" shall mean the members of the Company as of the Effective Date and Persons purchasing Units after the Effective Date and admitted to the Company and existing as members in accordance with this Agreement, and "Member" shall mean any one of the Members.

1.29 "**Membership Interest**" shall mean a Member's entire interest in the Company and all rights, benefits and privileges pertaining thereto.

1.30 "**Net Assets Under Management**" shall mean, as of any date, the Company's aggregate capital, including cash, Company loans (at book value), real estate owned (at book value), accounts receivable, advances made to protect loan security, unamortized organizational expenses and any other Company assets valued at fair market value, less Company liabilities, as determined in accordance with generally accepted accounting principles.

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

1.32 "**Offering Circular**" shall mean the Offering Circular pursuant to which the Company has solicited investments in Units of Membership Interests issued by the Company, originally dated as of the Effective Date and as amended, updated and supplemented from time to time,

1.33 "**Percentage Interests**" shall mean the relative percentage interests of the Members determined as of any date by dividing each such Member's then current Capital Account balance by the total outstanding Capital Accounts of all Members.

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

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

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

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

(c) In the event the book value of any Company asset is adjusted as a result of the application of Regulations Section 1.704-1(b)(2)(iv)(e) or Section 1.704-1(b)(2)(iv)(f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

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

(e) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with Regulations Section 1.704(b)(2)(iv)(g); and

(f) Notwithstanding any other provision of this Section, any items that are specially allocated, shall not be taken into account in computing Profits or Losses.

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

1.37 "**Rollover Subscriber**" shall have the meaning given in Section 5.4.

1.38 "**Rollover Subscriptions**" shall mean subscriptions for Units made by Rollover Investors in accordance with Section 5.4 of this Agreement.

1.39 "**Units**" shall mean the units of Membership Interests in the Company issued to Members at the rate of $1.00 per Unit upon their admission to the Company.

ARTICLE II
ORGANIZATION OF THE COMPANY

2.1 Formation. The parties hereto hereby acknowledge that the Company was formed as a limited liability company, pursuant to the provisions of the Act upon the filing of the Articles with the California Secretary of State.

2.2 Name. The name of the Company is "Foothill Mortgage Fund of Olympia, LLC," which name may be changed by the Manager with notice to the Members.

2.3 Term. The term of this Agreement shall commence as of the Effective Date and shall continue indefinitely until terminated as hereinafter provided.

2.4 Office and Agent. The Company shall continuously maintain an office and registered agent in the State of California as required by the Act. The principal office of the Company shall be located at 1740 East Main Street, Suite 102, Grass Valley, California 95945 or at such other location as the Manager may determine. The registered agent shall be as stated in the Articles or as otherwise determined by the Manager.

2.5 Addresses of Members and Manager. Unless a Member or Manager notifies the other Members and Manager to the contrary, the address of the Manager shall be the principal office of the Company and the address of the Members shall be as set forth in the Subscription Agreement submitted by such Member to the Company pursuant to Sections 5.3 and/or 5.4.

2.6 Purpose of Company. The Company is formed for the limited purposes of:

(a) making, investing in and administering loans to the general public secured by mortgages or deeds of trust on real property or on such other terms and conditions described in the Offering Circular; and

(b) engaging in such other activities directly related to the foregoing business as may be necessary, advisable, or appropriate, in the reasonable opinion of the Manager.

2.7 Power of Attorney. Each of the Members irrevocably constitutes and appoints the Manager, acting by and through any of its executive officers, as his true and lawful attorney-in-

fact, with full power and authority for him, and in his name, place and stead, to execute, acknowledge, publish and file:

(a) This Agreement, the Articles, and any amendments or cancellation thereof required under the laws of the State of California;

(b) Any certificates, instruments and documents, including, without limitation, fictitious business name statements, as may be required by, or may be appropriate under, the laws of any state or other jurisdiction in which the Company is doing or intends to be business; and

(c) Any documents which may be required to effect the continuation of the Company, the admission of an additional or substituted Member, the amendment of this Agreement, or the dissolution and termination of the Company.

2.8 Nature of Power of Attorney. The grant of authority set forth in Section 2.7 is a special power of attorney coupled with an interest, which is irrevocable, and shall survive the death of the undersigned or the delivery of an assignment by the undersigned of a Membership Interest, provided that where the assignee thereof has been approved by the Manager for admission to the Company as a substituted Member, the Power of Attorney shall survive the delivery of such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any instrument necessary to effect such substitution.

2.9 Purpose of Restatement. The sole purpose of the amendments to the Prior Agreement set forth in this Agreement is to reflect the withdrawal of the Class A Member as a Member of the Company and to reflect the existence of a single membership class. This Agreement is entered into by the Manager pursuant to the authority set forth in Section 13.4(e) of the Prior Agreement.

ARTICLE III
THE MANAGER

3.1 Management by the Manager. Subject to any provisions of the Articles and this Agreement relating to actions required to be approved by the Members, if any, the business, property and affairs of the Company shall be managed and all powers of the Company shall be exercised by or under the direction of the Manager. The Company shall initially have one (1) Manager, as specified in Article I, above.

3.2 Authority of Manager. In addition to the general management authority provided under Section 3.1, above, and without in any way limiting the generality of the foregoing, the Manager shall have all necessary powers to manage and carry out the purposes, business and affairs of the Company, including, without limitation, the power to exercise and to authorize and direct the Company's or the Manager's officers (if any) to exercise, on behalf and in the name of the Company, all of the powers described in California Corporations Code Section 17003, including, without limitation, the following powers and authority:

(a) To expend Company funds in furtherance of the business of the Company and to acquire and deal with assets upon such terms as it deems advisable, from Affiliates and other persons;

(b) To offer additional Units for sale from time to time to determine the terms of the offering of Units and to amend the Offering Circular in connection therewith, including the price of Units thereof and the amount of discounts allowable or commissions to be paid and the manner of complying with applicable law;

(c) To bind the Company in all transactions involving the Company's property or business affairs, including the preparation and execution of all loan documents, the funding of loans, and the purchase and sale of notes and Fractional Interests;

(d) To take all actions on behalf of the Company deemed necessary by the Manager, in its sole discretion, to enforce Company loans and otherwise protect the value of such loans including, without limitation: (i) initiating foreclosure proceedings and bidding at foreclosure sales; (ii) forming limited liability companies or limited partnerships to take title to security properties and issuing membership or limited partnership interests in such entities in the name of the Company; (iii) negotiating terms and entering into forbearance agreements or loan extensions with borrowers; (iv) accepting deeds in lieu of foreclosure; (v) filing suit and pursuing other legal remedies (including judicial foreclosures) in the name of the Company against any borrower or guarantor on Company loans; and (vi) taking any other action deemed necessary by the Manager in its sole judgment to protect the Company's interest in any loan or any real property securing a Company loan or acquired by the Company through foreclosure or otherwise.

(e) To borrow money from any Person (which may, but is not required to be a bank or other financial institution) for the purpose of refinancing any real property directly or indirectly owned by the Company as a result of foreclosure (or deed-in-lieu of foreclosure) of any New Loan, to pledge or encumber such real property as security therefor, and to repay in whole or in part, or to refinance, increase, modify, or extend any such obligation, all on such terms and conditions as the Manager shall deem appropriate;

(f) To employ, at the expense of the Company, such agents, employees, independent contractors, attorneys and accountants as the Manager deems reasonable and necessary for any Company purpose;

(g) To effect necessary insurance for the proper protection of the Company, the Manager or Members;

(h) To prosecute, defend, pay, collect, compromise, arbitrate, or otherwise adjust any and all claims or demands of or against the Company;

(i) To amend this Agreement with respect to the matters described in subsections 13.4(a) through (g) below;

(j) To determine the accounting method or methods to be used by the Company, which methods may be changed at any time by written notice to all Members;

(k) To open accounts in the name of the Company in one or more banks, savings and loan associations or other financial institutions or money market funds, and to deposit Company funds therein, subject to withdrawal upon the signature of the Manager or any person authorized by the Manager;

(l) To sell from time to time all or any portion of the Company's assets, or any undivided or beneficial interests therein; and

(m) To retain such advisors and professionals, execute all instruments and documents and do all other things necessary or appropriate in the judgment of the Manager to effectuate any of the foregoing.

3.3 Fiduciary Duty. The Manager shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, and the Manager shall not employ such funds or assets in any manner except for the exclusive benefit of the Company.

3.4 Devotion of Time to Company Business. The Manager shall not be required to devote full time to the affairs of the Company but shall devote whatever time, effort and skill the Manager may deem to be reasonably necessary for the conduct of the Company's business. The Manager may engage in any other businesses including businesses related to or competitive with the Company.

3.5 Officers. The Manager may appoint officers at any time. The officers of the Company, if deemed necessary by the Manager, may include a president, vice president, secretary, and chief financial officer. The officers shall serve at the pleasure of the Manager, subject to all rights, if any, of an officer under any contract of employment. Any individual may hold any number of offices. No officer need be a resident of the State of California or citizen of the United States. The officers shall exercise such powers and perform such duties as shall be determined from time to time by the Manager, provided that in no event shall officers have any greater authority than the Manager hereunder. Subject to the rights, if any, of an officer under a contract of employment, any officer may be removed, either with or without cause, by the Manager at any time. Any officer may resign at any time by giving written notice to the Manager. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party. A vacancy in any office may be filled by the Manager in its sole discretion.

3.6 Competing Activities. The Manager and its principals and Affiliates may engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the business of the Company or any subsidiary thereof and that might be in direct or indirect competition with the Company or any subsidiary thereof. Neither the Company, any subsidiary of the Company nor any Member shall have any right in or to such other permitted ventures or activities or to the

income or proceeds derived therefrom. The Manager shall not be obligated to present any investment opportunity or prospective economic advantage to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by the Company. The Manager shall have the right to hold any investment opportunity or prospective economic advantage for its own account or to recommend such opportunity to Persons other than the Company. The Members hereby waive any and all rights and claims which they may otherwise have against the Manager and its Affiliates as a result of any of such activities.

3.7 Performance of Duties; Limited Liability. The Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of intentional fraud, intentional misconduct, or a knowing and willful violation of law by the Manager. No Person who is a Manager or officer or both a Manager and officer of the Company shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, by reason of being a Manager or officer or both a Manager and officer of the Company.

3.8 Indemnity. The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he, she or it is or was a Member, Manager, officer, employee or other agent of the Company or that, being or having been such a Member, Manager, officer, employee or agent, he or she is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, Company, joint venture, trust or other enterprise to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit. The Manager shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Manager deems appropriate in its business judgment.

3.9 Manager Removal. The Manager may be removed upon the following terms and conditions:

(a) The Manager may be removed by the written consent of a Majority Interest of the Members. Members may exercise such right by (i) presenting to the Manager a written notice (a "**Removal Notice**") to the effect that the Manager is removed effective on the date set forth in such Removal Notice which Removal Notice shall be executed (with each such signature being acknowledged) by Members representing a Majority Interest of the Members; and (ii) concurrently therewith delivering a copy of the Removal Notice to any Members who have not executed the Removal Notice.

(b) Concurrently with delivery of the Removal Notice or within 90 days thereafter by written notice given in the manner as the Removal Notice, a Majority Interest of the Members may also designate a successor Manager.

(c) Substitution of a new Manager, if any, shall be effective upon written acceptance of the duties and responsibilities of a manager of the Company by the new Person

being designated as the Manager. Upon effective substitution of a new Manager, this Agreement shall remain in full force and effect except for the change in the Manager and the business of the Company shall be continued by the new Manager.

3.10 Retirement by or Incapacity of Manager. The Manager may withdraw ("retire") from the Company upon not less than ninety (90) days' written notice of same to the Members. In the event that the Manager voluntarily withdraws, or if the Manager is the subject of an Incapacity, then one or more replacement managers may be appointed by the affirmative vote or written consent of a Majority Interest of the Members. If the number of Managers is changed, the Articles shall be amended, if necessary, to accurately reflect whether the Company has only one Manager or more than one Manager.

ARTICLE IV
MEMBERS AND MEMBERSHIP RIGHTS

4.1 Designation of Interests. As of the Effective Date, (i) the Company shall have one class of Membership Interests, (ii) all Membership Interests designated as Class B Interests under the Prior Operating Agreement shall be designated as Membership Interests with the same rights and privileges as all other Membership Interests, and (iii) all Members designated as Class B Members under the Prior Operating Agreement shall be deemed Members, generally, with all rights and privileges of Members provided herein.

4.2 Election to Compound Earnings or Receive Cash Distributions. Upon subscription for Units, a subscribing Member must elect whether to receive monthly income distributions from the Company or to allow his or her earnings to compound. A Member may elect to switch from compounding earnings to receiving monthly cash distributions, or vice versa, upon 90 days notice to the Manager; provided, however, that a Member may only switch from receiving cash distributions to compounding earnings if there is then in effect a permit issued by the California Department of Corporations for the offering of Units and provided further that such Member shall have received the most current version of the Company's Offering Circular. Notwithstanding the foregoing, the Manager will retain all income distributions payable to Rollover Subscribers electing such distributions until such Rollover Subscriber's Capital Account balance exceeds a minimum balance of $5,000 (the "**Minimum Distribution Balance**"). The Manager at any time shall also have the right to immediately commence making monthly distributions to one or more ERISA Investors who previously had elected to compound earnings if necessary in order for the Company to remain exempt from the application of Title 29 of the Code of Federal Regulations Part 2510 relating to the definition of plan assets for purposes of ERISA (the "**ERISA Plan Asset Regulations**"). Income allocable to Members who elect to compound their earnings (and income allocable to Rollover Subscribers prior to accumulating the Minimum Distribution Balance) will be retained by the Company for purposes of making or investing in New Loans or for other proper Company purposes, and the amount of such allocable income will be credited to their Capital Accounts.

4.3 No Participation in Management. Except as expressly provided herein, the Members shall take no part in the conduct or control of the Company business and shall have no right or authority to act for or bind the Company. Economic Interest Owners shall have no voting rights whatsoever.

4.4 Voting Rights of Members. The Manager shall have the right to take all actions in furtherance of the Company's operations as it deems necessary in its sole discretion including, without limitation, to all actions set forth in Article III and elsewhere in this Agreement. Notwithstanding the foregoing, an affirmative vote, consent or ratification by Majority Interest of the Members shall be required for each of the actions set forth in subsections (a) through (d), below (the "**Member Actions**"). The Member Actions subject to the Members' voting rights as described herein are the following actions, and no others:

(a) dissolution and termination of the Company prior to the expiration of the term of the Company as stated in Section 2.3 above;

(b) amendment to this Agreement, provided that this subsection (b) shall not apply to the matters set forth in Section 13.4 below, with respect to which matters the Manager alone may amend this Agreement without the vote of the Members;

(c) merger or consolidation of the Company pursuant to Section 10.3 below; and

(d) Removal of the Manager and election of a successor Manager, in the manner and subject to the conditions described in Sections 3.9 and 3.10 above.

4.5 Meetings. Meetings of Members shall be called, noticed and held, and voting procedures shall be followed in accordance with the provisions of Section 17104 of the Act.

4.6 Limited Liability of Members. Units are non-assessable, and no Member shall be personally liable for any of the expenses, liabilities, or obligations of the Company or for any of the losses thereof beyond the amount of such Member's agreed upon Capital Contribution to the Company and such Member's share of any undistributed net income and gains of the Company; provided, that each Member shall remain liable to return to the Company any distributions that such Member is obligated to return pursuant to Section 17254 of the Act.

ARTICLE V
CAPITAL CONTRIBUTIONS; SUBSCRIPTIONS

5.1 Capital Contributions. The Members shall contribute to the capital of the Company an amount equal to $1.00 for each Unit subscribed for by each such Member. The total capitalization of the Company shall be a maximum of $50,000,000; provided, however, that the Manager reserves the right to issue additional Units from time to time in the future without approval of the Members. Members' Capital Contributions shall be made by subscribing for Units pursuant to the Cash Subscriptions procedures set forth in Section 5.3 or the Rollover Subscription procedures set forth in Section 5.3 below.

5.2 Cash Subscriptions; Admission to Company. All investors, including any Affiliate Members, that meet the investor suitability standards set forth in the Offering Circular may purchase Units for cash by completing and executing the Subscription Agreement and Power of Attorney attached to the Offering Circular ("**Subscription Agreement**") and delivering the Subscription Agreement to the Manager together with the purchase price payable for Units

("**Cash Subscriptions**"). Cash Subscriptions shall be made and accepted or rejected in accordance with the terms and conditions of this Section 5.2.

(a) The initial minimum Cash Subscription amount is $25,000 (i.e., 25,000 Units); provided, however, that the Manager may, in its sole discretion, accept Cash Subscriptions in lesser amounts.

(b) Cash Subscriptions will be accepted or rejected by the Manager promptly after receipt and the Manager reserves the right to reject any Cash Subscription submitted for any reason.

(c) If accepted, an investor submitting a Cash Subscription (a "**Cash Subscriber**") will become a Member and the Cash Subscriber's entire investment will be deposited into the Company only when all, or any portion, of the Cash Subscriber's subscription funds are required by the Company to invest in a New Loan, to create appropriate reserves or for any other proper Company purpose at which time all or a portion of the Cash Subscription funds will be transferred to the Company. Until then, a Cash Subscriber's subscription is irrevocable and Cash Subscription funds received by the Manager may be held by it for the account of each Cash Subscriber in a non-interest-bearing subscription account (the "**Subscription Account**").

(d) Cash Subscription funds will be transferred from the Subscription Account into the Company on a first-in, first-out basis, at which time the Cash Subscriber will be admitted to the Company as a Member and Units will be issued to such Cash Subscriber at the rate of $1.00 per Unit; provided, however, that the Manager reserves the right to admit non-ERISA Plan Investors before ERISA Plan Investors in order for the Company to remain exempt from the application of the ERISA Plan Asset Regulation.

(e) Cash Subscriptions are non-cancelable and irrevocable and Cash Subscription funds are non-refundable for any reason, except with the consent of the Manager; provided, however, that Cash Subscription funds remaining in the subscription account after the expiration of 65 days from the first day of the month following the date the subscription funds were received from the investor will be returned to the investor.

(f) After having subscribed for at least 25,000 Units ($25,000), a Member admitted to the Company may, at any time, and from time to time, submit additional Cash Subscriptions to purchase additional Units subject to a minimum subscription amount of $1,000 (or 1,000 Units).

5.3 Rollover Subscriptions; Admission to the Company. Affiliate Members receiving Liquidation Distributions may also purchase Units by completing the "Rollover Subscription Election" section of the Subscription Agreement and delivering the executed Subscription Agreement to the Manager (a "**Rollover Subscription**"). Rollover Subscriptions shall be made and accepted or rejected and subject to termination in accordance with the provisions of this Section 5.3.

(a) Rollover Subscriptions shall be available to Affiliate Members receiving Liquidation Distributions, only, and each Affiliate Member submitting a Rollover Subscription

("**Rollover Subscriber**") must meet the investor suitability standards set forth in the Offering Circular at the time the Rollover Subscription is submitted and the Rollover Investor authorizes the application of future Liquidation Distributions to the purchase of Units.

(b) The $25,000 and $1,000 minimum subscription amounts applicable to Cash Subscriptions are not applicable to Rollover Subscriptions and Rollover Investors may elect to have less than 100% of each Liquidation Distribution applied to the purchase of Units by indicating such lesser percentage in the Subscription Agreement. Any Liquidation Distributions in excess of such percentage will be distributed to the Rollover Investor in accordance with the OMF Operating Agreement or any other agreement between Manager and the Rollover Investor in connection with such distributions.

(c) The Manager reserves the right to reject any Rollover Subscription submitted for any reason. Rollover Subscriptions received from Rollover Subscribers will be accepted or rejected by the Manager promptly after receipt. If accepted, a Rollover Subscriber will become a Member at the time the first Liquidation Distribution is made and transferred into the Company and Units are issued in the Rollover Investor's name in accordance with subsection (d), below. Thereafter, the designated percentage of each Liquidation Distribution will be applied to the purchase of Units by the Manager at the time each Liquidation Distribution is made unless and until the Rollover Subscription is cancelled by the Rollover Subscriber or the Manager in accordance with subsections (e) and (f), below.

(d) The aggregate amount of Rollover Subscriptions purchased from the proceeds of Liquidation Distribution will be transferred to the Company simultaneously and Units will be issued to Rollover Subscribers only when all, or any portion, of such amount is required by the Company to invest in a New Loan, to create appropriate reserves or for other appropriate Company purposes. Until then, a Rollover Subscriber's funds may be held by the Manager for the account of the Rollover Subscribers in the Subscription Account. Only upon transfer of the aggregate Liquidation Distribution amount will Units be issued to such Rollover Subscribers at the rate of $1.00 per Unit; notwithstanding the foregoing, the Manager reserves the right to admit non-ERISA Plan Investors before ERISA Plan Investors in order for the Company to remain exempt from the application of ERISA Plan Asset Regulations.

(e) Any Rollover Subscriber purchasing Units as described above shall become a Member in the Company with the same rights, preferences and privileges as any other Member in respect of the Units so purchased.

(f) Rollover Subscriptions payable from future Liquidation Distributions are cancelable by a Rollover Subscriber at any time prior to the transfer of the Liquidation Distribution to the Company and the issuance of Units to the Rollover Investor in exchange therefor.

(g) Rollover Subscriptions may be cancelled by the Manager at any time if it determines the sale of Units pursuant to a Rollover Subscription would violate the terms and conditions of the offering of Units as set forth in the Offering Circular or would otherwise be in violation of the laws and regulations applicable to the Company. The Manager may also cancel a Rollover Subscription for any reason at any time prior to the transfer of the Liquidation

Distribution to the Company and the issuance of Units to the Rollover Investor in exchange therefore.

ARTICLE VI
ALLOCATIONS AND DISTRIBUTIONS

6.1 Distributions of Cash. The Company's available cash shall be distributed to the Members within a reasonable time following the close of business on the last day of each calendar month an amount of cash equal to the monthly Profits allocated to such Electing Member pursuant to Section 6.2(a), below.

6.2 Profits and Losses. Profits and Losses of the Company shall be allocated among the Members on the last day of each calendar month in accordance with their respective Percentage Interests as of such date.

(a) Profits and Losses allocable to the Members for each month or other period shall be allocated among the Members in a manner reasonably determined by the Manager to take account of any variations in the Members' relative Capital Account balances during such period.

6.3 Cash Distributions Upon Dissolution. Upon dissolution and termination of the Company, all cash distributions shall thereafter be distributed to Members in accordance with the provisions of Article IX below.

6.4 Special Allocations. Notwithstanding the provisions of Section 6.2, the following provisions shall be controlling:

(a) Notwithstanding Section 6.2 above, allocations of Losses to a Member shall be made only to the extent that such allocations will not create a deficit Capital Account balance for that Member in excess of an amount, if any, equal to such Member's share of Minimum Gain. Any Losses not allocated to a Member because of the foregoing provision shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of Losses under this subsection (a)). Any Losses reallocated under this subsection (a) shall be taken into account in computing subsequent allocations of Profits and Losses pursuant to this Article VI, so that the net amount of any item so allocated and the Profits and Losses allocated to each Member pursuant to this Article VI, to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to this Article VI if no reallocation of Losses had occurred under this subsection (a).

(b) Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall receive Company income and gain for such Fiscal Year (and, if necessary, in subsequent fiscal years) in an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain that is allocable to the disposition of Company property subject to a Nonrecourse Liability, which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(g)(2). Allocations pursuant to this subsection (b) shall be made in proportion to the amounts required to be allocated to each Member under this subsection (b). The items to be so allocated shall be

determined in accordance with Regulations Section 1.704-2(f). This subsection (b) is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(c) Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt. If there is a net decrease in Company Minimum Gain attributable to a Member Nonrecourse Debt, during any Fiscal Year, each member who has a share of the Company Minimum Gain attributable to such Member Nonrecourse Debt (which share shall be determined in accordance with Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to that portion of such Member's share of the net decrease in Company Minimum Gain attributable to such Member Nonrecourse Debt that is allocable to the disposition of Company property subject to such Member Nonrecourse Debt (which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(i)(5)). Allocations pursuant to this subsection (c) shall be made in proportion to the amounts required to be allocated to each Member under Section 6.4(b). The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This subsection (c) is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(d) Nonrecourse Deductions. Any nonrecourse deductions (as defined in Regulations Section 1.704-2(b)(1)) for any Fiscal Year or other period shall be specially allocated to the Members in proportion to their Percentage Interests.

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

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

6.5 Code Section 704(c) Allocations. Notwithstanding any other provision in this Article VII, in accordance with Code Section 704(c) and the Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to

take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this Section are solely for purposes of federal, state and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or cash distributions pursuant to any provision of this Agreement.

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

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

6.8 Overriding Adjustments. Notwithstanding any other provisions hereof, the Manager shall have the discretion, to be exercised based upon the advice of the Company's accountants or other tax advisors, to make such further allocations of Company Profits and Losses or to adjust the allocations of Company Profits or Losses so as to ensure, to the extent possible, that such allocations, when coupled with distributions payable to the Members under the terms of this Agreement, reflect the intended economic arrangements of the parties. The Manager shall have the authority to unilaterally amend this Agreement as necessary to provide for such allocations so long as such amendment does not alter the intended economic arrangements of the Members.

ARTICLE VII
ACCOUNTING AND REPORTS

7.1 Books and Records. The Manager shall cause the Company to keep the following books and records, which shall be maintained at the Company's principal place of business and shall be available for inspection and copying by, and at the sole expense of, the Members (but not Economic Interest Holders), or their duly authorized representatives, during reasonable business hours:

(a) A current list of the full name and last known business or residence address of each Member and Economic Interest Owner set forth in alphabetical order, together with the Capital Contributions, Capital Account and Percentage Interest of each Member and Economic Interest Owner; [Required by statute – upon request.]

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

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

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

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

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

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

7.2 Financial Reports and Returns. The Manager shall cause to be prepared and distributed to each Member the following:

(a) Within one hundred twenty (120) days after the end of each Fiscal Year of the Company, an annual report which shall contain a balance sheet of the Company as of the end of each Fiscal Year, an income statement and a report of the activities of the Company during such Fiscal Year, including a statement of changes in financial position for that Fiscal Year, which financial statements shall be prepared in accordance with generally accepted accounting principles and may (but are not required to be) audited; provided, however, that so long as the offering of Units remains open to new investments and subject to a permit qualifying the offer and sale of Units issued by the California Department of Corporations, the financial statements required by this Section 7.2(a), shall be audited by an independent certified public accounting firm selected by the Manager.

(b) Within ninety (90) days after the end of each Fiscal Year of the Company, such other information which the Members may need for preparation of their federal income tax returns.

7.3 Tax Matters Partner. In the event the Company is subject to administrative or judicial proceedings for the assessment or collection of deficiencies for federal taxes or for the refund of overpayments of federal taxes arising out of a Member's distributive share of profits, the Manager shall act as the Tax Matters Partner ("**TMP**") and shall have all the powers and duties assigned to the TMP under Sections 6221 through 6232 of the Code and the Treasury Regulations thereunder. The Members agree to perform all acts necessary under Section 6231 of the Code and Treasury Regulations thereunder to designate the Manager as the TMP.

ARTICLE VIII
TRANSFER OF COMPANY INTERESTS

8.1 Restrictions on Transfers. Notwithstanding any provision to the contrary contained herein, the following restrictions shall apply to any and all proposed sales, assignments or transfers of Membership Interests and Economic Interests, and any proposed sale, assignment or transfer in violation of same shall be void *ab initio*:

(a) No Member shall make any transfer or assignment of all or any part of his Membership Interest without the prior written consent of the Manager, which consent may be withheld in the sole discretion of the Manager.

(b) No Member shall make any transfer or assignment of all or any part of his Economic Interest without the prior written consent of the Manager, which consent shall not be unreasonably withheld.

(c) No Member shall make any transfer or assignment of all or any part of his Membership Interest or Economic Interest if said transfer or assignment would, when considered with all other transfers during the same applicable twelve-month period, cause a termination of the Company for federal or California state income tax purposes.

(d) No Member shall be entitled to sell, assign, transfer or convey his Membership Interest or Economic Interest to any person or entity other than a bona fide resident of the State of California for a period of nine months after the termination of the offering of Units pursuant to which such Membership Interest (or the Membership Interest associated with such Economic Interest) was acquired.

(e) No Member shall be entitled to sell, assign, transfer or convey his Membership Interest or Economic Interest to any Person unless such transfer complies with Section 260.141.11 of the Rules of the California Commissioner of Corporations if such Section of such Rules is applicable at the time of the proposed transfer.

(f) Instruments evidencing any Membership Interest or Economic Interest therein shall bear and be subject to a legend condition in substantially the following form:

THE UNITS REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED NOR HAVE THEY BEEN QUALIFIED UNDER THE CALIFORNIA CORPORATE SECURITIES LAW OF 1968, AS AMENDED. SUCH UNITS MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED TO ANY PERSON AT ANY TIME WITHOUT SUCH REGISTRATION AND QUALIFICATION, OR AN OPINION OF COUNSEL SATISFACTORY TO THE MANAGER OF THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED. THERE ARE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFER, AS SET FORTH IN THE OPERATING AGREEMENT.

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED BY THE COMMISSIONER'S RULES.

8.2 Transfer of Membership Interests and Substitution. No assignee of the whole or any portion of a Membership Interest in the Company shall have the right to become a substituted Member in place of his assignor unless the following conditions are first met:

(a) The assignor shall designate such intention in the instrument of assignment;

(b) The written consent of the Manager to such substitution shall be obtained, which consent may be withheld in the sole discretion of the Manager and which, in any event, shall not be given if the Manager determines that such sale or transfer may jeopardize the continued ability of the Company to qualify as a "partnership" for federal income tax purposes or that such sale or transfer may jeopardize the status of the original sale of said interest pursuant to the nonpublic and intrastate offering exemptions from registration or qualification under the Securities Act of 1933, as amended (the "**1933 Act**") or the California Corporate Securities Law of 1968, as amended (the "**1968 Law**");

(c) The instrument of assignment shall be in a form and substance satisfactory to the Manager;

(d) The assignor and assignee named therein shall execute and acknowledge such other instruments as the Manager may deem necessary to effectuate such substitution, including but not limited to a power of attorney with provisions more fully described in this Agreement;

(e) The assignee shall accept, adopt and approve in writing all of the terms and provisions of this Agreement as the same may have been amended;

(f) Such assignee shall pay or, at the election of the Manager, obligate himself to pay all reasonable expenses (including reasonable attorneys' fees) not exceeding $500 connected with such substitution; and

(g) The Company has received, if requested, a legal opinion in form and substance satisfactory to the Manager that such transfer will not violate the registration provisions of the 1933 Act or the qualification requirements of the 1968 Law, which opinion shall be furnished at the Member's expense.

ARTICLE IX
WITHDRAWAL FROM COMPANY

9.1 Withdrawals by Members. No Member shall have the right to withdraw from the Company or otherwise obtain the return of all or any portion of his, her or its Invested Capital for

a period of twelve (12) months after the date of the initial purchase of Units by such Member or such Member's predecessor in interest (the "**Holding Period**"). After the expiration of the Holding Period, a Member may request the return of all or a portion of his, her or its Invested Capital by making a request to the Manager as set forth in this Section 9.1 (a "**Withdrawal Request**"). All Withdrawal Requests made by Members shall satisfied by the Manager subject to the limitations set forth in Section 9.2, below and all other conditions, restrictions and priorities set forth in this Article IX.

(a) Upon expiration of the twelve month Holding Period, a Member may request the withdrawal of all or part of his, her or its Invested Capital from the Company by giving written notice to the Manager (a "**Withdrawal Notice**") indicating either the amount of Invested Capital to be withdrawn or a request for the return of 100% of the Member's then current Invested Capital.

(b) A Withdrawal Notice shall become effective ninety (90) days following the Manager's receipt of the Withdrawal Notice and, in no event, earlier than the expiration of the Holding Period (the "**Effective Date**"). Subject to the withdrawal restrictions set forth herein, a Member's Capital Account will be liquidated and distributed to a requesting Member in not more than four (4) quarterly installments, each equal to 25% of the total Capital Account being liquidated, commencing on or before the last day of the calendar month in which the Notice of Withdrawal became effective. Each quarterly installment payable to a withdrawing Investor Member is subject to the additional withdrawal restrictions described below.

9.2 Limitations on Member Withdrawals. The obligation of the Company to make any quarterly or other periodic distribution of Invested Capital to Requesting Members in accordance with Section 9.1, above, shall be subject to the priorities provided for in Section 9.3, below and the following additional limitations:

(a) The Company will not establish a cash reserve from which to fund withdrawals and the Manager has reserved the ongoing right to reserve up to 50% of the Company's available cash for further investment in New Loans or otherwise preserve the Company's liquidity for the benefit of the non-withdrawing Members ("**New Investment Reserves**"). Accordingly, the Company shall only be obligated to distribute 50% of the Company's Cash Available for Withdrawals (as defined herein) in any calendar quarter or other period to pay any outstanding Withdrawal Requests submitted pursuant to Section 9.1, and the remaining 50% of such cash may be retained as New Investment Reserves. The term "**Cash Available for Withdrawals**" as used herein and in Section 9.4, below, shall mean the cash available to the Company on the first day of any calendar quarter or other period after: (1) all current Company expenses have been paid (including compensation to the Manager and its affiliates hereunder); (2) adequate reserves have been established for anticipated Company operating costs and other expenses and advances to protect and preserve the Company's loan investments (such as enforcement costs and protective advances to senior lien holders); and (3) adequate provision has been made for the payment of all amounts required to be distributed to the Electing Members under Section 6.1.

(b) In no event shall the Company be required to make distributions of Invested Capital to Requesting Members' to the extent that the aggregate distributions paid to all

Requesting Members during any calendar year would exceed an amount equal to ten percent (10%) of the aggregate Invested Capital of all Members at the beginning of such calendar year.

(c) If available cash flow is inadequate to make any quarterly liquidation payment in the full amount of aggregate pending Withdrawal Requests, or if any of the limitations described in subsection (b) are applicable, then liquidating distributions among Requesting Members shall be made on a pro rata basis, based upon the relative Capital Account balances of those Members requesting withdrawals as of the date of each withdrawal distribution; provided, that the Manager shall have the discretion to accord priority to Notices of Withdrawal received from Deceased Members and ERISA Plan Investors in accordance with Section 9.3, below.

9.3 Priority Withdrawals and Liquidations. Notwithstanding any provision herein to the contrary, the Company shall have the right, but not the obligation, to give priority, to distributions of Invested Capital to certain Members, as follows:

(a) Upon the death of a Member or of the sole beneficiary of a corporate pension or profit-sharing plan, Individual Retirement Account or other employee benefit plan subject to ERISA (a "**Deceased Member**"), the return of such Deceased Member's Invested Capital may be given priority over the return of other withdrawing Members' Invested Capital, in the Manager's sole and absolute discretion.

(b) The Manager, in its sole and absolute discretion, shall also have the right at any time to immediately liquidate all or a portion of the Invested Capital of one or more ERISA Plan Investors regardless whether that ERISA Plan Investor has given a Notice of Withdrawal, if the Manager determines such liquidation is required in order to ensure that the Company remains exempt from the ERISA Plan Asset Regulations. Each ERISA Plan Investor agrees that its Invested Capital may be liquidated involuntarily pursuant to this Section 9.3(b). Any such liquidation of an ERISA Plan Investor's Capital Account may be given priority over the liquidation of all other withdrawing Members' Capital Accounts, including those of Deceased Members discussed in subsection (a) above.

9.4 Capital Account Adjustments. During any withdrawal period, the remaining Capital Account of a Requesting Member shall continue to be subject to adjustment as described in Article I above until it is fully liquidated. Any reduction in a Capital Account by reason of an allocation of Losses, if any, shall reduce all subsequent liquidation payments proportionately. In no event shall any Member receive cash distributions upon withdrawal from the Company if the effect of such distribution would be to create a deficit in such Member's Capital Account.

9.5 Constructive Vote to Dissolve. If at any time there are outstanding unfulfilled Notices of Withdrawal that, if fulfilled and when taken together with all Notices of Withdrawals paid out during the preceding twelve (12) month period, would exceed twenty five percent (25%) of the balance of total Capital Accounts outstanding as of the first day of the then current calendar year (a "**Constructive Dissolution Vote**"), the Manager may, in its sole discretion, upon written notice to the Members, dissolve the Company and initiate the winding up of the Company pursuant to Article X below. In such event, the winding up and distribution provisions of Article X below shall apply and be controlling, such that liquidation payments shall thereafter

be made proportionately to all Members pursuant to and in accordance with Article X below, and no further withdrawal payments shall be made pursuant to this Article IX.

9.6 Effect of Withdrawal or Liquidation. Each payment by the Company in liquidation of all or any portion of a Member's Invested Capital under this Article IX shall be treated as the Company's repurchase of the Member's Membership Interest and the number of Membership Interests repurchased shall be equal to the dollar amount of the Invested Capital (and corresponding Capital Account) being returned to the Member.

ARTICLE X
DISSOLUTION OF THE COMPANY; MERGER OF THE COMPANY

10.1 Events Causing Dissolution. The Company shall dissolve upon occurrence of the earlier of the following events:

(a) The affirmative vote of a Majority Interest of the Members;

(b) The declaration by the Manager upon the occurrence of a Constructive Dissolution Event pursuant to Section 9.5, above; or

(c) The entry of a decree of judicial dissolution pursuant to Section 17351 of the California Corporations Code.

10.2 Winding Up. Upon the occurrence of an event of dissolution, the Company shall not immediately be terminated, but shall continue until its affairs have been wound up. Upon dissolution of the Company, unless the business of the Company is continued as provided above, the Manager will wind up the Company's affairs as follows:

(a) No new Units shall be offered or sold and no New Loans shall be made or purchased by the Company; provided, however, that the Manager shall be authorized to fund any loan commitments or complete any loan transactions or pending loan requests existing as of the date of dissolution.

(b) Except as may be agreed upon by the Manager and a Majority Interest of Members in connection with a merger or consolidation described in Section 10.3, the Manager shall liquidate the assets of the Company as promptly as is consistent with recovering the fair market value of the Company's assets whether by sale to third parties (including the Manager or Affiliates) or by servicing the Company's outstanding loans in accordance with their terms; provided, however, that the Manager shall liquidate all Company assets for the best price reasonably obtainable in order to completely wind up the Company's affairs within five (5) years after the date of dissolution, unless such period is extended by the Manager with the consent of a Majority Interest of Members (the "Dissolution Period"). During the Dissolution Period the Manager shall be authorized to take such actions the Manager deems necessary to meet its obligations under this Section 10.2 within the Dissolution Period including, but not limited to, taking any action set forth in Section 3.2 of this Agreement that is not expressly prohibited by subsection (a) above.

(c) Except as may be agreed upon by the Manager and a Majority Interest of Members in connection with a merger or consolidation described in Section 10.3, all sums of cash held by the Company as of the date of dissolution (including liquid assets which shall be converted to cash), together with all sums of cash received by the Company during the winding up process from any source whatsoever, shall be applied and distributed on a monthly or quarterly basis to the Members in proportion to the positive balances in their respective outstanding Capital Accounts, but only after all the Company's debts have been paid or otherwise adequately provided for.

(d) Upon the completion of the liquidation of the Company and distribution of liquidation proceeds, the Manager shall cause to be filed a Certificate of Dissolution as required by the Act and shall furnish to each of the Members a statement setting forth the receipts and disbursements of the Company during such liquidation, the amount of proceeds from such liquidation distributed with respect to Company Interests and the amount of proceeds paid or distributed to Members.

10.3 Merger or Consolidation of the Company. The Company may be merged or consolidated with one or more other entities, which may be Affiliates of the Company, provided that the principal terms of any such merger or consolidation are first approved by the Manager and by the affirmative vote of a Majority Interest of the Members. Any such merger or consolidation may be effected by way of a sale of the assets of, or units in, the Company or purchase of the assets of, or units in, one or more other entities, or by any other method approved by the Manager and a Majority Interest of the Members. In any such merger or consolidation, the Company may be either a disappearing or surviving entity. The foregoing shall not be interpreted as setting forth the exclusive means of merging or consolidating the Company, and the Company may utilize any method by which the Company may be merged or consolidated pursuant to the Act or any other provision of applicable law.

ARTICLE XI
TRANSACTIONS BETWEEN THE COMPANY, THE MANAGER AND AFFILIATES

11.1 Asset Management Fee. The Manager shall manage all of the Company's assets. In consideration for such management efforts, the Manager shall be entitled to receive an annual asset management fee equal to one percent (1.0%) of the Net Assets Under Management payable in accordance with the following (the "**Asset Management Fee**"):

(a) The Asset Management Fee shall be payable monthly based on the Net Assets Under Management as of the last day of the preceding calendar month, i.e., the Manager shall be entitled to a monthly payment equal to a maximum of one-twelfth ($1/12^{th}$) of 1.0% (i.e., 0.0833%) of such Net Assets Under Management.

(b) The Manager shall be entitled to receive the Asset Management Fee without regard to Company Profits and regardless whether the a return on investment is earned or paid to the Members.

11.2 Loan Servicing Fees. The Manager will act as loan servicing agent with respect to the loans and Fractional Interest Investments held by the Company and, in consideration for

such services, will be entitled to receive a monthly servicing fee of one percent (1.0%) of total unpaid principal balance of each loan or Fractional Interest Investment being serviced but only as interest is received by the Company.

11.3 Loan Origination Fees. The Company will purchase New Loans or will enter into loan transactions in which the Manager will act as a broker in arranging the loan, for which it will receive brokerage, origination, renewal or forbearance fees in an amount determined on a case-by-case basis.

11.4 Sale of Defaulted Loans or Real Estate. In the event a loan owned by the Company becomes delinquent or the Company becomes the owner of any real property by reason of foreclosure on a Company loan or receipt of a deed in lieu of foreclosure, the Company may sell such loan or property to the Manager or an Affiliate of the Manager but only so long as the following conditions are satisfied:

(a) Subject to subsection (b) below, the purchase price shall not be less than any of the following amounts: (i) any bona fide third-party offer previously received, if any; (ii) the value of such loan or property as determined by any independent appraisal (if any) prepared within the preceding six months; and (iii) the total amount of the Company's "investment" (as hereafter defined) in the loan or property; *provided*, however, that each of the amounts described in the foregoing clauses (i)-(iii) shall be reduced by the amount of a reasonable and customary real estate brokerage commission that would be payable in connection with a sale of that loan or property to an unrelated party (the "**Avoided Commission**").

(b) Notwithstanding the foregoing, the purchase price may be less than the Company's investment in the loan or property if the following conditions are satisfied: (i) the purchase price is not less than the value of the property as determined by an independent written appraisal prepared by a certified appraiser within the preceding six months, less the amount of the Avoided Commission; and (ii) the purchaser is obligated to pay to the Company the amount of any gain realized from the resale or repayment of the subject loan or from the resale of the subject property, up to the amount of the difference between the purchase price and the Company's investment in the loan or property.

(c) For purposes of this Agreement, the Company's "**investment**" in a loan or property includes, without limitation, the following: the unpaid principal amount of the Company's loan, unpaid interest accrued to the earlier of the date of sale or foreclosure, expenditures made by the Company to protect the Company's interest in the loan or property such as payments to senior lienholders and for insurance and taxes, costs of foreclosure (including attorneys' fees actually incurred to prosecute the foreclosure or to obtain relief from stays in bankruptcy), and any advances made by or on behalf of the Company for any of the foregoing.

(d) Neither the Manager nor any of its Affiliates shall receive a real estate commission in connection with such a sale. Neither the Manager nor any of its Affiliates shall have any obligation whatsoever to purchase any loans or property from the Company.

11.5 Purchase of Loans from Manager or Affiliates. The Company may purchase existing loans from the Manager or Affiliates, provided that the following conditions are met:

(a) At the time of purchase the borrower shall not be default under the loan;

(b) The purchase price for such loan does not exceed the unpaid balance of principal, accrued interest and other charges owing thereunder; and

(c) The loan satisfies the loan underwriting criteria customarily applied by the Company with respect to loans made to or purchased from unrelated third parties.

11.6 Sale of Current Loans to Manager or Affiliates. The Company may sell existing loans that are not in default to the Manager or its Affiliates, but only so long as the Company receives net cash proceeds from such sale in an amount equal to the total unpaid balance of principal, accrued interest and other charges owing under such loan. Notwithstanding the foregoing, the Manager shall be under no obligation to purchase any loans from the Company or to guarantee any payments under any Company loan.

11.7 Loans to Related Parties. The Company shall not make or purchase any loan in which the borrower is an Affiliate of the Manger or any of its Members (a "**Related Party Loan**"), unless all of the following conditions are satisfied:

11.8 (a) the underwriting standards applied to any Related Party Loan shall be consistent with those customarily applied by the Company and the loan terms and conditions shall not be more favorable to the related borrower in any material respect than the Company would make available to an unrelated borrower in a comparable loan transaction negotiated at arm's length;

11.9 (b) immediately after making or purchasing any Related Party Loan, the aggregate unpaid principal balance of all outstanding Related Party Loans shall not exceed ten percent (10%) of the Company's Loan Portfolio; and

11.10 (c) the Manager shall, and hereby agrees, to purchase (or cause an Affiliate to purchase) from the Company any Related Party Loan with respect to which any material event of default by the borrower has occurred and is continuing for thirty (30) days.

11.11 Loans by Manager. In the event that the Manager determines at any time that the cash available to the Company is insufficient to meet the then existing and projected needs of the Company, the Manager, in addition to exercising its rights to cause the Company to borrow funds from third party sources, may in its sole discretion loan or cause an Affiliate thereof to loan necessary funds to the Company in accordance with the provisions of this Section. Any loan by the Manager or its Affiliate(s) to the Company may be repaid from Company funds available therefore in the reasonable judgment of the Manager. Any such loan from the Manager or its Affiliate(s) to the Company shall be at a rate of interest and on such other terms as the Manager determines in its reasonable business judgment are not more onerous to the Company than those that an unaffiliated third party would charge the Company in an arms-length transaction. Any such lender shall have the same rights and obligations with respect to such

transactions or loans as a Person who is not a Manager or Affiliate thereof and the Members hereby waive, to the fullest extent permitted under applicable law, any fiduciary duty or duties that would impose any additional obligations on any such lender.

11.12 Contracts with Affiliates. In addition to the foregoing, the Manager may cause the Company to enter into other agreements whereby the Manager or its or other Persons, or entities controlled by any of the foregoing, provide or sell or purchase services or property to or from the Company, are compensated for such services or property, and are reimbursed for expenses incurred on behalf of the Company in providing such services or property, so long as each such agreement is on terms and conditions that are fair and reasonable to the Company as determined by the Manager in its reasonable discretion and are at least as favorable to the Company as those generally available from unaffiliated Persons capable of similarly performing them in similar transactions between parties operating at arm's length, as determined by the Manager in its reasonable discretion.

11.13 Reimbursement of Manager for Certain Expenses. The Manager shall be reimbursed by the Company for all organizational syndication and operating expenses incurred on behalf of the Company, including without limitation, out-of-pocket general and administrative expenses of the Company, accounting and audit fees, legal fees and expenses, postage, and preparation of reports to Members.

ARTICLE XII
ARBITRATION

12.1 Arbitration. Any action to resolve any controversy or claim arising out of or related to this Agreement, or the breach hereof, however characterized, shall be resolved through a binding, non-public arbitration before an adjudicator selected as provided in this Article XI.

12.2 Demand for Arbitration. Any party desiring to bring any action under this Agreement shall give written notice to the other party, which notice shall state with particularity the nature of the dispute and the demand for relief, making specific reference by paragraph number and title, if applicable, of the provisions of this Agreement pertaining to the dispute.

12.3 Appointment of Arbitrator. The parties shall endeavor to agree, within thirty (30) days of the above-described notice, upon a mutually acceptable adjudicator to resolve the dispute. The adjudicator shall be a single former judge of the Superior Court or the Court of Appeal of the State of California or member in good standing with the California State Bar currently employed by or associated with the office of JAMS, Inc. ("**JAMS**") located in Sacramento, California or, if there is no JAMS office in that city, then at the JAMS office nearest thereto. If the parties cannot agree upon the adjudicator within such thirty (30)-day period, then JAMS, in its sole discretion, shall provide a list of three adjudicators with the qualifications set forth above. Within ten (10) days of JAMS providing the above-described list, each of the parties shall be entitled to strike one name from the list and so notify JAMS. JAMS, in its sole discretion, thereafter shall select as adjudicator any one of the persons remaining on the list, and the person so selected shall thereafter serve as adjudicator. If for any reason JAMS is unable or unwilling to make such an appointment, either party may apply to the Superior Court of the State of California in and for the County of Nevada for appointment of any former judge of the

Superior Court or the Court of Appeal of the State of California to serve as adjudicator. The appointment of an adjudicator, whether by JAMS or by the Superior Court pursuant to the foregoing, shall be made, and the adjudicator shall serve, without further objection from either party, except on the ground of conflict of interest, if any, pursuant to the same rules that would apply if the former judge were serving as an active member of the Superior Court or Court of Appeal.

12.4 Hearing. The hearing shall take place at the JAMS office described above and shall be conducted pursuant to the provisions of the California Arbitration Act commencing with California Code of Civil Procedure Section 1280, the rules and procedures established by JAMS, and such other rules and procedures as may be determined by the adjudicator; provided, however, that: (1) at the hearing, any relevant evidence may be presented by either party, and the formal rules of evidence applicable to judicial proceedings shall not govern; and (2) discovery between the parties prior to the arbitration hearing shall be limited to the mutual exchange of relevant documents. Interrogatories, requests for admissions, and depositions of witnesses shall not be permitted.

12.5 Arbitration Award. In resolving the dispute, the adjudicator shall apply the pertinent provisions of this Agreement without departure therefrom in any respect, and the adjudicator shall not have the power to change any of the provisions of the Agreement. The adjudicator shall try all of the issues, including any issues that may be raised concerning arbitrability of the dispute, subject-matter and personal jurisdiction, and any and all other issues, whether of fact or of law, and shall hear and decide all motions and matters of any kind. The adjudicator shall not be required to prepare a written statement of decision as to any interlocutory decision, but at the conclusion of the arbitration shall prepare a written statement of decision thereon which shall be final and binding upon the parties, and upon which judgment may be entered in accordance with applicable law in any court having jurisdiction thereof. Any interlocutory decisions by the adjudicator likewise shall be final and binding, except that the adjudicator shall have the power to reconsider such.

12.6 Costs of Arbitration. The prevailing party in any dispute regarding or arising out of this Agreement shall be entitled to an award of its reasonable attorneys' fees in addition to any other relief to which it is entitled.

12.7 WAIVERS. THE PARTIES HEREBY FREELY WAIVE THE RIGHT TO TRIAL BY JUDGE OR JURY, THE RIGHT TO APPEAL, FULL PRETRIAL DISCOVERY AND APPLICATION OF THE RULES OF EVIDENCE.

ARTICLE XIII
MISCELLANEOUS

13.1 Covenant to Sign Documents. Without limiting the power of attorney granted by Sections 2.6 and 2.7 above, each Member covenants, for himself and his successors and assigns, to execute, with acknowledgement or verification, if required, any and all certificates, documents and other writings which may be necessary or expedient in the creation of the Company and the achievement of its purposes, including, without limitation, all such filings, records or

publications necessary or appropriate in the judgment of the Manager to comply with the applicable laws of any jurisdiction in which the Company shall conduct its business.

13.2 Notices. Except as otherwise expressly provided for in this Agreement, all notices which any Member may desire or may be required to give any other Member shall be in writing and shall be deemed duly given when delivered personally or when deposited in the United States mail, first-class postage prepaid, addressed to the Member's address provided to the Manager in accordance with Section 2.5, hereof. Notices to the Manager or to the Company shall be delivered to the Company's principal place of business, as set forth in Section 2.5 above or as hereafter charged as provided herein.

13.3 Right to Engage in Competing Business. Nothing contained herein shall preclude any Member from purchasing or lending money upon the security of any other property or rights therein, or in any manner investing in, participating in, developing or managing any other venture of any kind, without notice to the other Members, without participation by the other Members, and without liability to them or any of them. Each Member waives any right he may have against the Manager for capitalizing on information received as a consequence of the Manager's management of the affairs of this Company.

13.4 Amendment. This Agreement is subject to amendment by the affirmative vote of a Majority Interest of the Members with the written concurrence of the Manager. Notwithstanding anything to the contrary contained in this Agreement, the Manager shall have the right to amend this Agreement, without the vote or consent of any of the Members, in the following circumstances:

(a) To change the name of the Company or the amount of the contribution of any Member;

(b) To substitute a Person as a Member;

(c) To admit an additional Member;

(d) To admit a successor or additional Manager in accordance with the terms of this Agreement;

(e) To correct a false or erroneous statement in this Agreement; or

(f) To change this Agreement in order that it shall accurately represent the agreement among the Members.

13.5 Governing Law. This Agreement shall be governed by and shall be interpreted and enforced in accordance with the substantive laws of the State of California.

13.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes any and all prior agreements and representations, either oral or in writing, between the parties hereto with respect to the subject matter contained herein.

13.7 Waiver. No waiver by any party hereto of any breach of, or default under, this Agreement by any other party shall be construed or deemed a waiver of any other breach of or default under this Agreement, and shall not preclude any party from exercising or asserting any rights under this Agreement with respect to any other breach or default.

13.8 Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

13.9 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference an in no way define, limit, extend or describe the scope of this Agreement.

13.10 Number and Gender. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "**person**" shall include a natural person, firm, partnership, corporation, trust, association of other form of legal entity. Any consent or action required or permitted to be given or made by a Manager may be given or made by any Manager.

13.11 Counterparts. This Agreement may be executed in counterparts, any or all of which may be signed by the Manager on behalf of the Members as their attorney-in-fact.

13.12 Legal Representation.

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

(b) Each Member further acknowledges that Company Counsel has represented only the interests of the Manager and not the other Members in connection with the formation of the Company and the preparation and negotiation of this Agreement, and each Member acknowledges that it has been afforded the opportunity to consult with independent counsel with regard thereto.

[Signatures on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

MANAGER:

OLYMPIA MORTGAGE & INVESTMENT COMPANY, INC.
a California corporation

By: _____
Phil Ruble, President

MEMBERS:

OLYMPIA MORTGAGE & INVESTMENT COMPANY, INC.
a California corporation, as Attorney-In-Fact For The Persons Listed on Schedule A hereto

By: _____
Phil Ruble, President

SCHEDULE A

MEMBERS

Name and Address	Date of Admission	Percentage Interest

[Current Schedule A is on file with the Manager.]