OPERATING AGREEMENT

This Operating Agreement (the "Agreement") is made effective as of date set forth herein by and among those persons executing this Agreement as Investment Members (individually, a "Member" and collectively "Members"), and David Haney ("Haney") as a Operating Member and Manager ("Manager").

ARTICLE 1.

Formation

1.1. Formation. The Manager shall or has formed an Arizona limited liability company by filing Articles of Organization with the Arizona Corporation Commission. The Manager shall cause notice of the Articles of Organization to be published as required by the Act. The parties shall promptly, and from time to time as may be required by the Act, execute, acknowledge, deliver, file and record all amendments to the Articles of Organization and such other instruments and notices as may be appropriate for the Company to comply with the Act.

1.2. Name. The name of the Company is or shall be "Arizona First Development, Partners 1", or such other name as the corporation commissioner's office may approve.

1.3. Registered Office. The registered office of the Company shall be 5041 East Pershing Avenue, Scottsdale, Arizona 85254, or such other place in the state of Arizona as the Manager may from time to time designate.

1.4. Statutory Agent. The name and business address of the agent of the Company for service of process on the Company is David Haney, 5041 East Pershing Avenue, Scottsdale, Arizona 85254 or such other Person as the Manager shall appoint from time to time.

1.5. Accounting Period and Method. The Company's accounting period shall be the Fiscal Year. The books and records of the Company shall be maintained in accordance with the cash method of accounting. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. At a minimum the Company shall keep at its registered office all books and records and other information required by the Act.

1.6. Returns. The Manager shall cause to be prepared and timely filed all tax returns required by law to be filed by the Company pursuant to the Code and all other tax returns and reports required by law to be filed by the Company. Copies of all such tax returns shall be furnished to the Members within a reasonable time after the end of each Fiscal Year. All elections permitted to be made by the Company under federal or state tax laws shall be made by the Manager in their discretion.

ARTICLE 2.

Definitions

"**Act**" shall mean the Arizona Limited Liability Company Act, as amended from time to time.

"**Additional Contributions**" shall have the meaning set forth in Section 5.2.

"**Additional Member**" shall mean any Person who is admitted to the Company as a new Member pursuant to Section 9.5.

"**Agreement**" shall mean this written operating agreement, as amended from time to time pursuant to Section 11.11.

"**Capital Account**" or "**Capital Accounts**" shall mean each Capital Account established and maintained for the Members in accordance with Section 5.4, the Code and the Regulations.

"**Capital Contribution**" shall mean any contribution to the capital of the Company in cash, property, and the use of property or services by a Member whenever made. The Capital Contribution each Member is obligated to make is set forth in Section 5.1.

"**Capital Proceeds**" shall mean gross cash proceeds of sales, refinancing, condemnation, damage or destruction of property owned by the Company less the portion thereof used to pay, or establish Reserves for the payment of, all of the Company's expenses, debt payments, capital improvements, replacements and contingencies, as determined by the Manager, and not including net insurance proceeds required for the repair, replacement or restoration of the property owned by the Company.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"**Company**" shall mean this limited liability company.

"**Distributable Cash**" shall mean the gross cash proceeds from the Company's operations less the portion thereof used to pay, or establish Reserves for the payment of, all of the Company's expenses, debt payments, capital improvements, replacements and contingencies, as determined by the Manager. Distributable Cash shall not be reduced by depreciation, amortization, cost recovery deductions or similar allowances, but shall be increased by any reductions in (as opposed to expenditures from) Reserves previously established.

"**Event of Withdrawal**" shall mean any event or circumstance set forth in Section 29-733 of the Act, except a Member may not be expelled.

"**Fiscal Year**" shall mean the period beginning January 1 and ending December 31 of each year.

"**Initial Members**" shall mean those persons and entities executing this Agreement as Initial Members, as set forth on **Exhibit A** hereto.

"**Interest**" shall mean a Member's interest in the capital, Profits, Losses and, subject to the provisions of this Agreement, distributions of or from the Company.

"**Investment Members**" shall mean those persons listed on **Exhibit A** as Investment Members and each of the parties who may thereafter become an additional or substituted Investment Member.

"**Losses**" shall mean, for each Fiscal Year, the taxable losses and taxable deductions of the Company determined in accordance with the Company's method of accounting consistently applied from year to year plus expenditures of the Company not deductible in computing its taxable income and not properly chargeable to any Capital Account.

"**Majority-In-Interest**" shall mean, with respect to the Members, the Members owning a simple majority of the Interests with each Member having a vote equal to such Member's percentage Interest, and shall mean, with respect to the Manager, if there is more than one, a simple majority of the Manager with each Manager having an equal vote.

"**Manager**" shall mean the initial Manager appointed under Section 8.1 and any individual who thereafter may be appointed as Manager of the Company pursuant to Section 8.1.

"**Member**" or "**Members**" shall mean the Initial Members, and each Person who hereafter may become an Additional Member. If a Manager owns an Interest in the Company, the Manager shall have all of the rights of a Member with respect to such Interest, and the term Member shall include the Manager with respect to the Manager's Interest in the Company as a Member. All references herein to Members shall include both Investment Members and Operating Members unless specifically designated to mean only one of the classes of Members.

"**Membership Interest**" shall mean that percentage of ownership of the Company as calculated pursuant to Section 6.1 or otherwise that a Member's Interest bears to all of the Interests of all Members.

"**Operating Members**" shall mean each of the persons listed on **Exhibit A** as an Operating Member and each of the parties who may hereafter become an additional or substituted Operating Members.

"**Person**" means any individual, estate, trust, general partnership, limited partnership, limited liability company, corporation or other organization or association, and their respective heirs, legal representatives, successors and permitted assigns.

"**Preferred Return**" shall have the meaning set forth in Section 5.3.

"**Profits**" shall mean, for each Fiscal Year, the taxable income and taxable gains of the Company determined in accordance with the Company's method of accounting consistently applied from year to year plus income of the Company exempt from federal income tax.

"**Real Property**" shall have the meaning set forth in Section 3.1.

"**Regulations**" shall mean the regulations promulgated and issued under the Code by the U.S. Treasury Department.

"**Reserves**" shall mean, with respect to any Fiscal Year, funds set aside in the discretion of the Manager for working capital or for contingencies.

"**Tax Provisions**" shall mean **Exhibit B** attached hereto and incorporated by reference as if set forth in full herein.

"**Transfer**" shall have the meaning set forth in Section 9.1.

ARTICLE 3.

Purpose

3.1. Purpose. The Company shall be formed for the sole purpose of purchasing, financing, refinancing, owning, developing, maintaining, leasing, selling, exchanging and otherwise dealing with 10 acres of residential and commercial real property located near Hunt Highway and Skyline in Maricopa County, Arizona located on the map attached as **Exhibit C** (the "**Real Property**"), including the construction of improvements thereon.

3.2. General Powers. The Company shall have the power to do all and everything necessary, suitable or proper for the accomplishment of the purposes enumerated in the immediately preceding section, and it shall have all of the rights, powers, and authority granted to limited liability companies under the Act.

ARTICLE 4.

Term

This Agreement shall be effective as of the day and year herein contained and shall continue until terminated as provided in this Agreement.

ARTICLE 5.

Capitalization

5.1. Capital Contributions. The Initial Members shall contribute capital to the Company as set forth on **Exhibit A** to this Agreement. No Member shall be entitled to interest on the Member's Capital Contributions or to the return of the Member's Capital Contributions except as otherwise specifically provided in this Agreement.

5.2. Additional Contributions. If the Manager determine that additional Capital Contributions are required for the continued operation of the Company and/or for the purchase of additional Real Property, they shall notify each Investment Member of the amount of Additional Capital Contribution required and the pro rata share (based on all Capital Contributions of all existing Investment Members) required from each Investment Member. If any Investment Member does not make the requested Additional Capital Contribution within 10 days of demand therefor, any other Investment Member may make the Additional Capital Contribution. In the event the existing Investment Members do not make the Additional Capital Contributions, the Manager may obtain the necessary Capital Contributions by admitting New Investment Members into the Company pursuant to Section 9.5. The Membership Interests of the Investments Members shall be adjusted in accordance with the revised total Capital Contributions (including Additional Capital Contributions) from all Investment Members.

5.3. Member Guarantees; Preferred Return. In connection with the Company's acquisition of the Real Property and construction of improvements thereon, each of the Members shall be required to guarantee the purchase price or construction loan of one or more of the lots in the Real Property, to purchase one or more of the lots in the Real Property and transfer those lots to the Company subject to then existing financing, or may otherwise be required to guarantee the obligations of the Company. In addition, one or more of the Members may be required to advance funds for use by the Company in excess of the Initial or Additional Contributions made by him. Each Member shall be entitled to a preferred return (the "**Preferred Return**") in the amount of any funds paid by him as a result of any guaranty of the Company's debts (including principal, interest, expenses and attorney's fees) or as the result of any advance to the Company that are used for Company purposes. Payments of the Preferred Returns, when made, shall be pro rata in accordance with the amount of Preferred Return outstanding to the Member compared with the total amount of Preferred Returns outstanding to all Members on the date of payment.

5.4. Loans. If the Company requires additional capital, the Manager are authorized to cause the Company to borrow money from one or more Members or from third parties, upon such terms and conditions as the Manager may determine from time to time, including the mortgage or pledge of assets of the Company. The Manager are specifically authorized without further approval of the Members to cause the Company to borrow funds for acquisition of real property and construction of improvements thereon, and to grant first deeds of trust on the real property to secure such loans.

5.5. Capital Accounts. A separate Capital Account shall be maintained for each Member in accordance with the Code and the Regulations.

(a) Increases. Each Capital Account shall be increased by:

(i) The amount of money contributed by the Member to the Company;

(ii) The fair market value, at the time of contribution, of property contributed by the Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to);

(iii) Allocations to the Member of items of income and gain, including income and gain exempt from tax, and Profits; and

(iv) The amount of any liabilities of the Company assumed by the Member that are secured by property distributed to the Member.

(b) Decreases. Each Capital Account shall be decreased by:

(i) The amount of money distributed to the Member by the Company;

(ii) The fair market value, at the time of distribution, of property distributed to the Member by the Company (net of liabilities secured by such distributed property that the Member is considered to assume or take subject to);

(iii) Allocations to the Member of expenditures of the Company not deductible in computing its taxable income and not properly chargeable to a Capital Account;

(iv) Allocations to the Member of deductions, items of loss and Losses; and

(v) The amount of any liabilities of the Member assumed by the Company that are secured by any property contributed by the Member to the Company.

(c) Adjustments. In the event an Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with the Code and Regulations and shall be interpreted and applied in a manner consistent therewith. In the event the Manager shall determine, after consultation with the accountant or legal counsel to the Company, that it is prudent to modify the manner in which the Capital Accounts are maintained in order to comply with the Code and Regulations, the Manager may make such modification provided that it is not likely to have a material effect on the amount distributable to any Member upon liquidation of the Company.

ARTICLE 6.

Profits, Losses, Reserves and Distributions

6.1. Ownership. Ownership of the Membership Interests shall be as set forth in **Exhibit A** attached. All of the Operating Members shall collectively own Membership Interests aggregating 50 percent of the Membership Interest in the Company, and all of the Investment Members shall collectively own Membership Interests aggregating 50 percent of the Membership Interest in the Company.

6.2. Reimbursement. The Company shall reimburse each Member and each Manager for all reasonable costs and expenses paid by the Member or Manager in the performance of his duties under this Agreement, including costs and expenses advanced by the Member or Manager prior to formation of the Company, which relate to and further the purposes of the Company.

6.3. Company Account. The Company shall maintain one or more bank accounts for the Company's funds. All receipts and funds of the Company shall be deposited in a Company account. The Manager shall make all checks and withdrawals on a Company account.

6.4. Reserves. The Manager may establish one or more cash Reserves from time to time and may pay from such Reserves amounts for Company purposes as determined by the Manager.

6.5. Tax Distributions. Subject to Section 6.10, the Members intend that, absent special circumstances precluding distributions to Members (as determined by the Manager), distributions of Distributable Cash shall be made to each Member to assist such Member in satisfying such Member’s federal and state income tax liabilities (including tax liabilities arising from receipt of Capital Proceeds) in respect of ownership of his Membership Interest in the Company. For this purpose, the federal and state income tax liabilities of each Member with respect to a Fiscal Year shall be deemed to be 40% of the estimated Profits to be allocated to such Member for such Fiscal Year, if any, and the actual tax rate for capital gains taxes, if any. The Manager shall be authorized to make applicable adjustments to the 40% figure to take into effect changes in the tax laws, special circumstances applicable to a Fiscal Year, and absence of sufficient Distributable Cash in the same or prior Fiscal Years. The Manager may also (but are not required to) authorize distributions on or before April 15, June 15, September 15 and January 15 with respect to each Fiscal Year in which Profits are expected to enable the Members to satisfy any estimated tax liabilities arising from allocations of Company Profits.

6.6. Distributions. All distributions of Distributable Cash following payment of the Tax Distributions shall be paid to the Members in the following order of priority:

(a) First, to the Members pro rata in the amount of all unpaid Preferred Returns until the cumulative distribution to them for the current and all prior Fiscal Years is equal to the entire Preferred Return;

(b) Second, to the Members pro rata in the amount of their initial and any Additional Capital Contributions, until the Members have received a return of 100 percent of their initial and Additional Capital Contributions; and

(c) Finally, to the Members in proportion to their respective percentages of Membership Interests.

6.7. Distributions of Capital Proceeds. All distributions of Capital Proceeds following payment of the Tax Distributions shall be paid to the Members in the following order of priority:

(a) First, to the Members pro rata in the amount of all unpaid Preferred Returns until the entire Preferred Return has been paid in full;

(b) Second, to the Members pro rata in the amount of their initial and any Additional Capital Contributions, until the Members have received a return of 100 percent of their initial and Additional Capital Contributions, to the extent such return has not been funded from distributions of Distributable Cash;

(c) Third, to the Members pro rata in proportion to their respective Adjusted Capital Balances, until each Partner's Adjusted Capital Balance is reduced to zero; and

(d) Finally, to the Members in proportion to their respective percentages of Membership Interests.

6.8. Distributions Upon Final Liquidation. Upon a liquidation of the Company in accordance with Article 10, the Company's assets shall be distributed in accordance with Section 10.2.

6.9. Right to Withhold. The Company shall withhold from any distribution such amounts as are required to be withheld by the laws of any taxing jurisdiction. Such withheld amounts shall be treated as amounts distributed to the respective Member on whose account the withholding was imposed.

6.10. Limitations Upon Distributions. No distribution shall be declared and paid unless, after the distribution is made, the fair market value of the assets of the Company are in excess of all liabilities of the Company.

6.11. Allocations. Profits and Losses of the Company shall be allocated in accordance with the Tax Provisions set forth on **Exhibit B** hereto.

ARTICLE 7.

Members

7.1. Limited Liability. Each Member's and each Manager's liability for the debts and obligations of the Company shall be limited as provided by Section 29-651 of the Act and by any other applicable law.

7.2. Return of Capital. No Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Profits, Losses or distributions of Distributable Cash, except as set forth in this Agreement.

7.3. Authority. A Member who is not also a Manager shall not be an agent of the Company and shall have no power or authority to act for or bind the Company.

7.4. Consent Required. Notwithstanding any provision in the Act or this Agreement to the contrary, the written consent of a Majority-in-Interest is required to:

(a) Amend this Agreement;

(b) Amend the Articles of Organization; or

(c) Engage in any business or investment not authorized by Article 3 of this Agreement.

7.5. Members Meetings. The Members may, but are not required to, hold an annual meeting and also may hold special meetings as provided below.

(a) Annual Meetings. An annual meeting of the Members, if held, shall be held at such time as shall be determined by the Manager, for the purpose of the transaction of such business as may come before the meeting.

(b) Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Manager or by a Majority-In-Interest of the Members.

(c) Place of Meetings. The Members may designate any place either within or outside the state of Arizona as the place of meeting for any meeting of the Members. If no designation is made, or if a special meeting is called, the place of meeting shall be held at the registered office of the Company.

(d) Notice of Meetings. Except as provided in this section, written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than three nor more than 30 days before the date of the meeting, either personally or by mail, by or at the direction of the Manager or Members calling the meeting, to each Member. If mailed, such notice shall be deemed to be delivered two calendar days after being deposited in the United States mail, addressed to the Member at the Member's address as it appears on the books of the Company, with postage prepaid. If transmitted by way of facsimile, such notice shall be deemed to be delivered on the date of such facsimile transmission to the fax number for the Members.

(e) Meeting of all Members. If all of the Members meet at any time and place either within or outside of the state of Arizona, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice.

(f) Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof (or to receive payment of any distribution of Distributable Cash, or for any other purpose), the date on which notice of the meeting is mailed (or the date on which the distribution decision or other matter is made) shall be the record date for such determination. When a determination of the Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

(g) Quorum. A Majority-In-Interest of the Members, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the Members present may adjourn the meeting from time to time for a period not to exceed 30 days without further notice. However, if the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to a vote at the meeting.

(h) Manner of Acting. If a quorum is present, the affirmative vote of a Majority-In-Interest of the Members shall be the act of the Members, unless a greater or lesser vote is otherwise required by the Act, by the Company's Articles of Organization, or by this Agreement.

(i) Proxies. At all meetings of Members a Member may vote in person or by proxy executed in writing by the Member or a duly authorized attorney-in-fact. Such proxy shall be filed with the Committee before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

(j) Action Without a Meeting. Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Member entitled to vote, and delivered to the Committee for inclusion in the minutes or for filing with the Company records. Action taken under this subsection is effective when all Members entitled to vote have signed the consent, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the first Member signs a written consent.

(k) Waiver of Notice. When any notice is required to be given to any Member, a waiver thereof in writing signed by the Person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

(l) Meetings by Conference Telephone. Any Member may participate in any meeting of the Members by means of a conference telephone or similar communication equipment whereby all Members participating in such meeting can hear one another. Such participation shall constitute attendance in person.

ARTICLE 8.

Manager

8.1. Appointment. The Operating Members shall elect, and may remove, any Manager by a vote of a Majority-In-Interest. The initial Manager shall be David Haney. All references in this Agreement to the Manager shall mean the singular or the plural as the context may require. In the event of the death, resignation or inability to serve of either Manager, a Majority-in-Interest of the Operating Members may either elect to have the remaining Manager serve as the sole Manager or to elect one or more persons to serve as additional Manager. A Majority-in-Interest of the Operating Members may remove either or both Manager with or without cause (if the Manager to be removed is also a Member, the Manager shall not be disqualified from voting his Operating Membership Interest on the matter). In the event of the death, resignation or inability to serve as Manager, all Members, including the Investment Members, shall elect by a Majority-in-Interest one or more successor Manager.

8.2. Powers and Duties of Manager. Except as provided elsewhere in this Agreement to the contrary, the Manager shall have all powers and duties to:

(a) Manage, direct and control the business, assets and operations of the Company;

(b) Make and revise budgets for the Company;

(c) Implement the decisions of the Manager and, where appropriate, of the Members and make such expenditures as may be necessary to carry out such decisions, and promptly advise the Members if the Company lacks sufficient funds to carry out such decisions;

(d) Purchase or otherwise acquire machinery, equipment and vehicles appropriate for the operations of the Company's business;

(e) Supervise and oversee the operations of the Company;

(f) Borrow money for the Company and in its name from banks, other lending institutions, or one or more Members or their affiliates, on such terms and conditions as the Manager may deem appropriate and, in connection therewith, to encumber and pledge and grant security interests in the assets of the Company to secure repayment of the borrowed sums;

(g) Open and maintain one or more bank accounts in the name of the Company, subject to the provisions of Section 6.3;

(h) Obtain and maintain and pay the premiums on liability, property and other insurance to protect the Company's property, business operations, Members, Manager and agents;

(i) Execute on behalf of the Company and in its name all instruments and documents, including without limitation checks, drafts, notes and other negotiable instruments, mortgages and deeds of trust, security agreements, financing statements, documents providing for the acquisition or disposition of the Company's assets, assignments, bills of sale, leases and any other instruments or documents necessary, in the determination of the Manager, to conduct the business of the Company;

(j) Employ accountants, legal counsel, and other professional advisors and experts to perform services for the Company and to compensate them from funds of the Company;

(k) Appoint the tax matters partner pursuant to Section 6221 of the Code, and the initial tax matters partner shall be Haney;

(l) Enter into any and all other agreements on behalf of the Company and in its name with any Person for any purpose, in such form and substance as the Manager may approve; and

(m) Perform all other acts as may be necessary or appropriate to conduct the Company's business and affairs.

8.3. Authority. The Manager are agents of the Company and shall have the power and authority to act for and bind the Company. The Manager shall have the power and authority to execute, acknowledge and deliver, in the name and on behalf of the Company, all documents, agreements, contracts and instruments the Manager deem necessary or appropriate to effectuate the purposes of the Company including, by way of illustration, sale and purchase contracts, bills of sale, assignments, pledges, security agreements, financing statements, checks, drafts, promissory notes, contracts for labor and materials, purchase orders, insurance applications and tax returns. The signature of either Manager shall bind the Company, and no third party shall have any obligation or duty to inquire into the authority of a single Manager to act on behalf of the Company, unless such third party has actual knowledge that the proposed action of the single Manager has not been approved by a Majority-in-Interest of the Manager.

8.4. Management Fee. The Manager, or an entity owned and controlled by them, will receive a Management Fee of 10% of all rental income for performing their duties as Manager of the Company and the Real Property. The Manager are directly or indirectly owners of Membership Interests in the Company, and shall also receive distributions to them as Members as provided in this Agreement. Manager will be entitled to reimbursement for expenses incurred on its behalf, and will receive compensation and profits from affiliated companies with which the Company does business.

8.5. Members Not Active. Unless authorized to do so by this Agreement or by the Manager or as a Manager, no Member of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose.

8.6. Other Activities. No Manager shall be required to manage the Company as such Person's sole and exclusive function. The Company shall indemnify the Manager to the fullest extent permitted by Arizona law. Each Member and Manager may have other business interests and may engage in other activities in addition to those of or related to the Company, whether or not in competition with the Company. Neither the Company, nor any Member, nor any Manager, shall have any right, by virtue of the Company or this Agreement, to share or participate in other businesses, investments or activities of a Member or a Manager, or to the income or proceeds derived therefrom.

8.7. Use of Funds. The Manager shall insure that all Capital Contributions to and income of the Company shall be used solely for the purposes of the Company in fulfilling its purpose as

set forth in Section 3.1. The Manager shall provide to the Members on request of any Member financial statements of the Company showing in reasonable detail the source and use of the funds of the Company.

8.8. Real Estate Brokerage Fees and Construction Costs. Entities owned and controlled by the Manager may act as real estate brokers and agents for the Company in the purchase and resale of the Real Property or interests therein, and Manager or their affiliates will receive normal commissions for such services. Entities owned and controlled by the Manager may perform the services of construction of improvements on the Real Property on such terms and conditions as the Mangers shall determine and will receive profits and fees for such services.

8.9. Waiver by Investment Members of Conflicts of Interest by Manager. The Investment Members consent to the Management Fee to the Manager or an entity owned and controlled by the Manager and further consent to the use by the Company of Manager or their affiliates as real estate agents for the Company and to the use by the Company of Manager or their affiliates and contractors for the Company to construct improvements on the Real Property. The Investment Members waive and release any claim or action against the Manager that might otherwise be possessed by the Investment Members or the Company on account of such transaction.

ARTICLE 9.

Assignment of Interests

9.1. General Restrictions. No Member may sell, exchange, transfer, encumber, pledge as collateral, or otherwise assign or dispose of in any manner (a "**Transfer**") all or any part of such Member's Interest (including any Distribution rights associated with such Interest therein), except (a) as otherwise expressly permitted in this Agreement, or (b) with the written consent of a Majority-In-Interest of the Operating Members. In addition, any Investment Member may Transfer all or a portion of his Interest to any other existing Investment Member of the Company without the consent of any other Members or Manager. Any purported Transfer of all or any part of an Interest in violation of the terms of this Agreement shall be null and void and of no effect. A permitted Transfer shall be effective as of the date specified in the instruments relating thereto. Any assignee desiring to make a further Transfer shall be subject to all of the provisions of this Article to the same extent and in the same manner as any other Member desiring to make any Transfer.

9.2. Permitted Transfers. Each Member shall have the right to Transfer all or part of the Distribution rights or other economic interests (but not to substitute the assignee as a Substitute Member in his place, except in accordance with Section 9.3 below), by a written instrument, provided that:

(a) the Transfer would not result in the "termination" of the Company pursuant to Section 708 of the Code;

(b) a Majority-In-Interest of the Manager has consented in writing to such Transfer and assignee (except for Transfers upon death of an individual who is a Member and except for Transfers to a revocable trust of which the Member is the grantor, the trustee and the primary beneficiary during the Member's lifetime, and except for Transfers in compliance with Section 9.7, in which case approval is not necessary); and

(c) no permitted Transfer to a minor or incompetent shall be made other than in trust for the benefit of such person or in custodianship under the Uniform Transfers to Minors Act or similar legislation.

9.3. Substitute Members. No assignee of all or part of a Member's Interest shall become a Substitute Member in place of the assignor unless and until:

(a) The assignor Member (if living) has stated such intention in the instrument of assignment;

(b) The assignee has executed an instrument accepting and adopting the terms and provisions of this Agreement as a Member;

(c) The assignor or assignee has paid all reasonable expenses of the Company in connection with the admission of the assignee as a Substitute Member; and

(d) A Majority-In-Interest of the Manager have consented in writing to such assignee becoming a Substitute Member, which consent may be withheld for any or no reason.

Upon satisfaction of all of the foregoing conditions with respect to a particular assignee, the Members shall cause this Agreement and the Articles to be duly amended to reflect the admission of the assignee as a Substitute Member. The Membership Interest transferred by a Member to another existing Member shall be automatically a Substituted Membership Interest.

9.4. Effect of Admission as a Substitute Member. Unless and until admitted as a Substitute Member pursuant to Section 9.3, a permitted assignee of all or a part of a Member's Interest shall not be entitled to exercise any of the governance or other rights or powers of a Member in the Company, including, without limitation, the right to vote, grant approvals or give consents with respect to such Interest, the right to require any information or accounting of the Company's business or the right to inspect the Company's books and records. Such permitted assignee shall only be entitled to receive, to the extent of the Interest transferred to him, the Distributions to which the assignor would be entitled. A permitted assignee that has become a Substitute Member has, to the extent of the Interest transferred to him, all the rights and powers of the Person for whom he is substituted as the Member and is subject to the restrictions and liabilities of a Member under this Agreement and the Act. A Person shall not cease to be a Member upon assignment of all of such Member's Interest unless and until the assignee(s) becomes a Substitute Member.

9.5. Additional Members. Additional Investment Members (as opposed to Substitute Members) may be admitted to the Company only by the unanimous agreement of the Manager, subject to the rights of first refusal granted to the then existing Investment Members pursuant to Section 5.3. The then existing Investment Members of the Company shall not have any power or authority to admit or prevent the admission of any Additional Investment Member to the Company. Any person to whom new Investment Membership Interests are sold shall not become a Member of the Company until such person has executed a counterpart copy of this Operating Agreement and has agreed to be bound by the terms of this Agreement. Any additional Investment Member shall be entitled to all rights and be subject to all obligations as if an original Member of the Company. The issuance of additional Investment Membership Interests shall reduce the Percentage Interests of all Investment Members pro rata in accordance with their Investment Percentage Interests. The total aggregate percentage interest of all Investment Members, including Additional Investment Members shall remain 50 percent. The Manager shall not authorize the admission of any Additional Investment Member unless such Member has made a Capital Contribution to the Company equal to the actual value of the Membership Interest of that Member, based on actual values of the assets of the Company at the time the Additional Capital Contribution is made. The Manager shall not be required to obtain appraisals of the existing Real Property owned by the Company to determine the actual values of the Company's assets, but shall use their best business judgment to make that determination.

9.6. Withdrawal, Retirement or Resignation of a Member. No Member shall have the right or power, and no Member shall attempt, to withdraw, resign or retire from the Company or demand or seek the return of any Capital Contribution or Capital Account balance prior to the dissolution and liquidation of the Company. Any act or purported act of a Member in violation of this Section shall be null and void and of no effect. If a Member exercises any non-waivable statutory right to withdraw, resign or retire from the Company, such withdrawal, resignation or retirement shall be a default by the Member of its obligations under this Agreement and the Company may recover from such Member any damages incurred by the Company as a result of such breach of this Agreement and offset the damages against any amounts payable to such Member under the Act, the Articles or this Agreement.

9.7. Investment Intent. Each Member represents and warrants to the Company that the Membership Interest acquired and to be acquired by such Member have been acquired with

Member's own funds for investment for an indefinite period for such Member's own account, not as a nominee or agent, and not with a view to the sale or distribution of any portion of such Membership Interest, and that Member has no present intention of selling, granting participation in, or otherwise distributing or redistributing such Membership Interest. Each Member further represents and warrants to the Company that such Member does not have any contract, undertaking, agreement or arrangement to sell, transfer, or grant participation in or to distribute or redistribute such Member's Membership Interest to any third party.

9.8. Restricted Securities. Each Member understands that the Membership Interests have not been registered under the Securities Act of 1933, as amended, or under any state securities law, on the belief that the sales provided for in this Agreement are exempt from registration thereunder, and that the Company's reliance on such exemption is predicated on each Member's representations set forth in this Agreement. Each Member understands that such Member's Membership Interest cannot be transferred under any circumstances (except pursuant to Sections 9.2 and 9.3) and that the Membership Interests are "restricted securities" within the meaning of the rules of the Securities and Exchange Commission and state securities agencies.

9.9. Counsel. Each Member represents and warrants to the Company that such Member has sought and received such tax and legal advice from advisors retained by such Member as such Member deems necessary to determine whether to accept the invitation to Membership. Each Member represents and warrants that such Member has not received or relied on any advice from the Company or any of its agents with respect to the legal and tax consequences of Membership to such Member.

ARTICLE 10.

Dissolution and Termination

10.1. Dissolution. The Company shall be dissolved upon the occurrence of any one of the following events:

(a) The written agreement of all of the Members;

(b) The entry of a decree of dissolution under Section 29-785 of the Act;

(c) Any Event of Withdrawal, unless the business of the Company is continued by the consent of all of the remaining Members given within 90 days after the receipt of notice of the Event of Withdrawal by the last Member to receive such notice and unless there are at least two remaining Members; or

(d) By any Member who is not in default hereunder, at such Member's option, if another Member (the "**Defaulting Member**") is in material breach of this Agreement and such default is not cured within 30 days of written notice of the breach to the Defaulting Member.

As soon as possible following the occurrence of any of the foregoing events causing dissolution of the Company, and if the Company is not continued upon a dissolution under subsection (c) of this section, the Manager shall execute and file a notice of winding up with the Arizona Corporation Commission, in which case the Company shall cease to carry on its business except as may be necessary to wind up its affairs. However, the Company's existence shall continue until articles of termination have been filed with the Arizona Corporation Commission or until a court of competent jurisdiction has entered a decree dissolving the Company.

10.2. Winding Up. If the Company is dissolved and its business is to be wound up, the Manager shall:

(a) sell or otherwise liquidate all of the Company's assets as promptly as commercially and reasonably practicable, except to the extent the Manager determine to and do distribute any assets to the Members in kind;

(b) pay or make provisions for the payment of all debts and liabilities of the Company (other than liabilities to Members), including all costs relating to dissolution and winding up of the Company and the liquidation and distribution of its assets;

(c) establish such Reserves as the Manager may deem appropriate;

(d) pay or make provision for the payment of any liabilities of the Company to its Members, on a pro rata basis, other than on account of a Member's Interest in the capital or Profits of the Company; and

(e) distribute the remaining assets of the Company in the following order:

(i) first, distribute to the Members pro rata an amount equal to the Preferred Return, less any amounts previously distributed to the Members on account of the Preferred Return until the entire Preferred Return has been paid in full.

(ii) second, pay to the Members pro rata in the ratio of their then unpaid Capital Contributions an amount equal to 100 percent of their initial and all subsequent Capital Contributions, to the extent such return has not been funded from distributions of Distributable Cash or of Capital Proceeds; then

(iii) third, the positive balances of each Member's Capital Account, determined after taking into account all adjustments to the Capital Accounts during the Fiscal Year in which distribution occurs, shall be distributed to the Members; then

(iv) finally, if there are assets remaining, such assets shall be distributed to the Members in proportion to their Membership Interests as set forth in Section 6.1.

If any of the assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by the unanimous agreement of the Members or, in the absence of such agreement, by an independent accountant or appraiser selected by the Manager. Assets distributed in kind shall be deemed to be have been sold as of the date of distribution for their fair market value, and the Capital Accounts of the Members shall be adjusted accordingly to reflect each such deemed sale.

10.3. Return of Capital. Upon the liquidation of the Company, if any Member has a negative or deficit Capital Account balance, after giving effect to all contributions, allocations and other adjustments for all Fiscal Years of the Company, including the Fiscal Year in which the liquidation occurs, such Member shall have no obligation to make any contribution to the capital of the Company, and the negative or deficit balance of the Member's capital account shall not be considered a debt owed by the Member to the Company or to any other Member or to any other Person for any purpose whatsoever. Except as may be required by law to the contrary, upon dissolution and liquidation of the Company, each Member shall look solely to the assets of the Company for the return of the Member's Capital Contribution. In the event the assets of the Company remaining after the payment or provision for the payment of all debts and liabilities of the Company are insufficient to return the cash or other property contributed by one or more Members, such Member or Members shall have no recourse against any other Member.

10.4. Articles of Termination. When all debts, liabilities and obligations of the Company have been paid and discharged, or adequate provisions have been made therefore, and all of the remaining property and assets of the Company have been distributed to the Members, the Manager shall file articles of termination with the Arizona Corporation Commission.

ARTICLE 11.

Additional Provisions

11.1. No Partition. Each Member irrevocably waives during the term of the Company any right the Member may have to maintain an action for partition with respect to the property and assets of the Company.

11.2. Additional Instruments. Each Member agrees to execute, acknowledge and deliver such other and further documents, instruments and statements as may be necessary to carry out the intent and provisions of this Agreement and to comply with all applicable laws, rules and regulations.

11.3. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state of Arizona, without the application of any law of conflicts of laws that would require or permit the application of the laws of any other jurisdiction.

11.4. Attorneys' Fees. If there is any arbitration by or among the Members to enforce or interpret any provision of this Agreement or any rights arising hereunder, the unsuccessful party in such arbitration, as determined by the arbitrator, shall pay to the successful party, as determined by the arbitrator, all costs and expenses, including without limitation attorneys' fees and costs, incurred by the successful party, such costs and expenses to be determined by the arbitrator.

11.5. Notices. Except as otherwise required by law, any notice required or permitted by or to a Member (or Manager) in the capacity as a Member (or Manager) shall be in writing and shall be given by personal delivery, or by overnight courier service, or by deposit in the United States certified or registered mail, return receipt requested, postage prepaid, addressed to the Member (or Manager) at his or her last known address or at such other address or to such other Person as a Member (or Manager) may so designate in writing. Notice shall be effective on the date on which notice is delivered if notice is given by personal delivery, on the day after the date of delivery to the overnight courier service if such a service is used, and on the third business day after the date of deposit in the mail, if mailed.

11.6. Time of Essence. Time is of the essence of this Agreement and of each covenant, duty and obligation hereunder.

11.7. Waiver. The waiver by any party of any right granted to such party hereunder shall not be deemed to be a waiver of any other right granted hereunder, and the same shall not be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.

11.8. No Third-Party Beneficiary. No term or provision of this Agreement or any exhibit hereto is intended to be, or shall be construed to be, for the benefit of any Person (other than the Members and Manager), including without limitation any investment banker, broker, agent or creditor, and no such other Person shall have any right or cause of action hereunder.

11.9. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

11.10. Incorporation by Reference. All exhibits attached to this Agreement, if any, are fully incorporated herein as though set forth herein in full.

11.11. Entire Agreement. This Agreement sets forth the entire understanding of the parties with respect to the matters set forth herein as of the date hereof, and this Agreement cannot be altered or amended except by an instrument in writing signed by all of the parties hereto.

11.12. Construction and Interpretation; Gender. This Agreement is the result of negotiations between the parties, and the terms and provisions hereof shall be interpreted and construed in accordance with their usual and customary meanings. The captions or headings of sections or subsections of this Agreement are for purposes of reference only and shall not limit or define the meaning

of any provision of this Agreement. All references herein to the masculine gender shall be deemed to include the feminine or no gender as appropriate. The parties hereby waive the application of any rule of law which otherwise would be applicable in connection with the interpretation and construction of this Agreement that ambiguous or conflicting terms or provisions should be interpreted or construed against the party who (or whose attorney) prepared the executed agreement or any earlier draft of the same.

11.13. Severability. If any provision of this Agreement or any portion of any provision of this Agreement shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not alter the remaining portion of such provision, or any other provision hereof, as each provision of this Agreement shall be deemed severable from all other provisions hereof.

11.14. Dispute Resolution – Mediation. Prior to the initiation by any party of any arbitration or litigation proceeding, a party (the "Claimant") wishing to resolve a dispute, claim or controversy arising out of or relating to this Agreement or the subject matter of this Agreement or the execution, validity, interpretation, implementation, breach or termination of this Agreement, (a "Claim") shall present the substance of the Claim in writing to the other parties to this Agreement. The parties shall thereafter within 15 days initiate mediation proceedings with a person or firm offering mediation services within Maricopa County, Arizona, and shall diligently pursue mediation so long as the mediator appointed by the parties believes mediation will be useful in resolution of the Claim. All expenses of the mediation shall be divided equally between the Claimant, on the one hand, and the remaining parties, on the other hand.

11.15. Dispute Resolution – Arbitration. If mediation fails to resolve the Claim, the parties shall submit the Claim for resolution by binding arbitration and the further provisions of this Section 11.15 shall apply. All notices in connection with the arbitration, including the notice of arbitration and the response thereto, shall be served in the same manner as provided for notices generally under this Agreement.

(a) Arbitrator. The Members shall agree upon a single arbitrator. The single arbitrator shall decide the issues in dispute and his decision shall be final and binding on the arbitrating Members. If the Members fail to agree on a single arbitrator within 30 days after notice of arbitration is given, any Member may petition a court having jurisdiction to appoint the arbitrator. The court selection of an arbitrator shall be final and binding upon the Members.

(b) Hearing. No later than 15 days after the appointment of the arbitrator, whether by the Members or by a court, each Member shall present in writing to the arbitrator, with a copy to the other arbitrating Members, such Member's statement of the issues in dispute. The arbitration shall take place in Maricopa County, Arizona (unless otherwise agreed by the arbitrating Members and the arbitrator) at a time and place reasonably convenient for the arbitrating Members and the arbitrator. The arbitrator shall hold a hearing after his appointment, which meeting shall not be more than 30 days after his appointment, and notice of the meeting shall be given by the arbitrator to each arbitrating Member at least ten days prior to the hearing. Each arbitrating Member shall present his or its evidence regarding the matters in dispute. The arbitrator shall accept such evidence, and make such other investigations, as justice requires and as the arbitrator deems necessary.

(c) Decision. The arbitrator shall decide the issues submitted within 30 days after adjournment of the hearing. The decision in the arbitration shall be in writing and shall be signed by the arbitrator. If the Members settle the dispute during the course of arbitration, the settlement shall be approved by the arbitrator on the request of any Member and shall then become the award. The Members consent to the concurrent jurisdiction of the United States District Court for the District of Arizona and the Superior Court for the State of Arizona for the County of Maricopa for the confirmation or entry of judgment upon any award in arbitration. An award in arbitration or a judgment entered upon an award in arbitration may be enforced in any court of competent jurisdiction.

(d) Costs. The individual appointed as arbitrator, before accepting the position of arbitrator, shall set forth the basis for establishing his fees for the arbitration. Such basis shall be according to the reasonable rates for hourly fees charged by such individuals in the normal exercise of his profession, but may not exceed the average hourly rate charge by attorneys of substantial experience

and prestige in metropolitan Phoenix, Arizona. The costs and fees of any arbitration proceeding shall be awarded in the manner provided by the arbitrator.

11.16. Dispute Resolution -- Litigation. Notwithstanding the requirements of this Section 11.15 for binding arbitration of disputes, a party seeking injunctive or equitable relief may either cause the matter to be considered by the arbitrator in proceedings filed pursuant to Section 11.15 or may file an action in the Superior Court of Maricopa County, Arizona or the U.S. District Court sitting in Phoenix, Arizona. In addition, if all parties to the dispute agree in advance that it may be resolved by litigation, any party may file an action in the Superior Court of Maricopa County, Arizona or the U.S. District Court sitting in Phoenix, Arizona with respect to all matters arising out of this Agreement.

In witness whereof, the Operating Member and Manager has executed this Agreement on this ____ day of _____, _____.

MANAGING MEMBER:

_____
David Haney

[SIGNATURES OF THE INVESTING MEMBERS ARE CONTAINED
IN SEPARATE SUBSCRIPTION AGREEMENTS]

EXHIBIT A

(Required by Section 5.1)

OPERATING MEMBERS

Name of Member	Amount of Contribution	Percentage of Operating Members Capital Contribution	Total Membership Percentage
David Haney	$0	100%	50%
Total	$0	100%	50%

INVESTMENT MEMBERS

Name of Members	Amount of Contribution	Percentage of Investment Members Capital Contribution	Total Membership Percentage
Total	$1,000,000	100%	50%

EXHIBIT B
(Required by Section 6.10)

TAX PROVISIONS

1. "**Adjusted Capital Account Deficit**" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

2. "**Adjusted Capital Contributions**" means, as of any day, an Member's Capital Contributions adjusted as follows:

(a) Increased by the amount of any Company liabilities which, in connection with distributions pursuant to the Agreement are assumed by such Member or are secured by any assets of the Company distributed to such Member;

(b) Increased by any amounts actually paid by such Member to any Company lender pursuant to the terms of any Assumption Agreement; and

(c) Reduced by the amount of cash and the Gross Asset Value of any assets of the Company distributed to such Member pursuant to the Agreement and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In no event shall a Member's Adjusted Capital Contributions be increased for services performed by the Member for or on behalf of the Company. If any Member transfers all or any portion of his Interest in accordance with the terms of this Agreement, his transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Interest.

3. "**Affiliate**" means, with respect to any Person, (a) any Person directly or indirectly controlling, controlled by or under common control with such Person, (b) any Person owning or controlling 10% or more of the outstanding voting interests of such Person, (c) any officer, director, or Manager of such Person, or (d) any Person who is an officer, director, Manager, trustee, or holder of 10% or more of the voting interests of any Person described in clauses (a) through (c) of this sentence.

4. "**Assumption Agreement**" means any agreement among the Company, any of the Members, and any Member to whom the Company is indebted pursuant to a loan agreement, any seller financing with respect to an installment sale, a reimbursement agreement, or any other arrangement (collectively referred to as a "loan" for purposes of this Agreement) pursuant to which any Member expressly assumes any personal liability with respect to such loan. The amount of any such loan shall be treated as assumed by the Members for all purposes under this Agreement in the proportions set forth in such Assumption Agreement and their respective amounts so assumed shall be credited to their respective Capital Accounts pursuant to Section 5(a) of the Tax Provisions. To the extent such loan is repaid by the Company, the Members' Capital Accounts shall be debited with their respective shares of the repayments pursuant to Section 5(b) of the Tax Provisions. To the extent such loan is repaid by some or all of the Members from their own funds, there shall be no adjustments to their Capital Accounts.

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

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 32 or Section 33 of the Tax Provisions, and the amount of any Company liabilities assumed by such Member or which are secured by any 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 pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 32 or Section 33 of the Tax Provisions, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company;

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

(d) In determining the amount of any liability for purposes of Sections 2(a), 2(c), 5(a) and 5(b) of the Tax Provisions, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Members shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or Members), are computed in order to comply with such Regulations, the Members may make such modifications, provided that it is not likely to have a material effect on the amounts distributable to any Member upon the dissolution of the Company. The Member also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

6. "**Capital Contributions**" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the Interests held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Person related to the maker of the note within the meaning of Regulations Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

7. "**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

8. "**Company Minimum Gain**" has the meaning set forth in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

9. "**Company Nonrecourse Debt**" has the meaning set forth in Section 1.704-2(b)(4) of the Regulations.

10. "**Company Nonrecourse Debt Minimum Gain**" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member

Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i) (3) of the Regulations.

11. "**Company Nonrecourse Deductions**" has the meaning set forth in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations.

12. "**Curative Allocations**." The allocations set forth in Sections 32(a)-(g) and 18(b) of the Tax Provisions (the "**Regulatory Allocations**") are intended to comply with certain requirements of the Regulations. It is in the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 12. Therefore, notwithstanding any other provision of the Tax Provisions (other than the Regulatory Allocations), the Members shall make such offsetting special allocations of Company income, gain, loss, or deduction in whatever manner it (they) determine(s) appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 18, 27(a), and 32(h) of the Tax Provisions. In exercising its discretion under this Section 33, the Members shall take into account future Regulatory Allocations under Sections 32(a) and 32(b) that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 32(e) and 32(f).

13. "**Deemed Liquidation**". Notwithstanding any other provisions of the Tax Provisions, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no liquidating event hereunder has occurred, the Property shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, solely for federal income tax purposes, the Company shall be deemed to have (a) contributed all of its assets and liabilities to a new limited liability company in exchange for all of the member interests in the new limited liability company and, immediately thereafter, (b) distribute all such member interests to the Members in proportion to their respective interests in the Company in liquidation and termination of the Company, either for the continuation of the business of the new limited liability company or for its dissolution and winding up.

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

15. "**Fiscal Year**" shall mean the period beginning January 1 and ending December 31 of each year.

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

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

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values as of the following times: (i) the acquisition of an Interest or additional Interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that the adjustments pursuant to clauses (i) and (ii) above shall be made only if the Members reasonably determine that such

adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

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

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and Section 32(g) of the Tax Provisions; provided, however, that Gross Asset Values shall not be adjusted pursuant to this Section 16(d) to the extent the Members determine that an adjustment pursuant to Section 16(b) of the Tax Provisions is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Section 16(d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to Section 16(a), Section 16(b) or Section 16(d) of the Tax Provisions, 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.

17. "**Interest**" shall mean a Member's interest in the capital, Profits, Losses and, subject to the provisions of this Agreement, distributions by and from the Company.

18. "**Losses**" After giving effect to the special allocations set forth in Sections 32 and 33 of the Tax Provisions, Losses for any Fiscal Year shall be allocated as set forth in Section 18(a) below, subject to the limitation set forth in Section 18(b) below.

(a) Losses for any fiscal year shall be allocated in the following order and priority:

(i) First, to the Members in the amount and reverse order that Profits are allocated pursuant to Section 27(c) of these Tax Provisions until the cumulative amount of Losses allocated pursuant to this Section 18 is equal to the amount of Profit allocated pursuant to Section 27(c) for all prior fiscal years.

(ii) Second, to the Members pro rata in accordance with their respective Membership Interests.

(b) Losses so allocated shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 18(a) above, the limitation set forth in this Section 18(b) shall be applied on an Member by Member basis so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Regulations. All Losses in excess of the limitations set forth in this Section 18(b) shall be allocated pro rata to the Members in accordance with their respective Membership Interests.

19. "**Majority-In-Interest**" shall mean, with respect to the Members, the Members owning a simple majority of the Interests with each Member having a vote equal to such Member's percentage Interest, and shall mean, with respect to the Manager, if there is more than one, a simple majority of the Manager with each Manager having an equal vote.

20. "**Net Cash From Operations**" means the gross cash proceeds from Company operations less the portion thereof used to pay or establish Reserves for all Company expenses, debt payments, capital improvements, replacements, and contingencies. "Net Cash From Operations" shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of Reserves previously established.

21. "**Net Cash From Sales or Refinancings**" means the net cash proceeds from all sales and other dispositions (other than in the ordinary course of business) and all refinancings of Property, less any portion thereof used to establish reserves. "Net Cash From Sales or Refinancings" shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with sales and other dispositions (other than in the ordinary course of business) of Company Property.

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

23. "**Nonrecourse Liability**" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

24. "**Other Allocation Rules**."

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

(b) All allocations to the Members pursuant to this Agreement shall, except as otherwise provided, be divided among them in proportion to the Interests held by each.

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

(d) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' interests in the Company profits are as follows: the Promoter 1% and Investor 99%.

(e) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Members shall endeavor to treat distributions of Net Cash From Operations or Net Cash From Sales or Refinancing as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

25. "**Person**" shall mean any individual, estate, trust, general Company, limited Company, limited liability company, corporation or other organization or association, and their respective heirs, legal representatives, successors and permitted assigns.

26. "**Priority Return**" means the Priority Return as defined in the Agreement.

27. "**Profits**." After giving effect to the special allocations set forth in Sections 32 and 33 of the Tax Provisions, Profits for any Fiscal Year shall be allocated in the following order and priority:

(a) First, to the Members in the amounts that Losses were previously allocated to such Members pursuant to Section 18 of these Tax Provisions until the cumulative amount of Profits allocated to such Members pursuant to this Section 27 is equal to the aggregate amount of Losses allocated pursuant to Section 18 for all prior fiscal years.

(b) Second, to the Members pro rata in accordance with the relative amounts to be allocated pursuant to this Section 27 (b), until the cumulative amount allocated to each Member pursuant to this Section 27 (b) for the current and all prior fiscal years is equal to the cumulative amount distributed to each Member pursuant to Sections 6.5, 6.6(a), 6.6(b), 6.7(a) and 6.7(b) of the Agreement for the current and all prior fiscal years.

(c) Third, to the Members pro rata in accordance with their respective Membership Interests.

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

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this Section 28 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 28 shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to 16(b) or Section 16(c) of the Tax Provisions, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

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

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with Section 14 of the Tax Provisions;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Member's Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) Notwithstanding any other provision of this Section 28 any items which are specially allocated pursuant to Section 32 or Section 33 hereof shall not be taken into account in computing Profits or Losses;

29. "**Property**" means all real and personal property, both tangible and intangible property, acquired by the Company, including any improvements thereto.

30. "**Regulations**" shall mean the regulations promulgated and issued under the Code by the U.S. Treasury Department.

31. "**Reserves**" shall mean, with respect to any Fiscal Year, funds set aside in the discretion of the Manager for working capital or for contingencies.

32. "**Special Allocations**." The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding any other provision of this Agreement, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of

Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 32(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Section 32, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Company fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 32(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 32(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Agreement have been tentatively made as if this Section 32(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of the amount such Member is obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 32(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Agreement have been made as if Section 32(c) of the Tax Provisions and this Section 32(d) were not in the Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be specially allocated 50% to the Investor Members and 50% to Operating Members.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member or Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of his interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies,

or to the Member to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Priority Return Allocations. All or a portion of the remaining items of Company income or gain, if any, shall be specially allocated to the Members in proportion to and to the extent of the excess, if any, of (i) the cumulative Priority Return distributions each has received pursuant to the Agreement and Section 26 of the Tax Provisions from the commencement of the Company to a date 30 days after the end of such fiscal year over (ii) the cumulative items of income and gain allocated to such Member pursuant to this Section 32(h) for all prior fiscal years.

(i) Allocations Relating to Taxable Issuance of Company Interests. Any income, gain, loss, or deduction realized as a direct or indirect result of the issuance of an interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

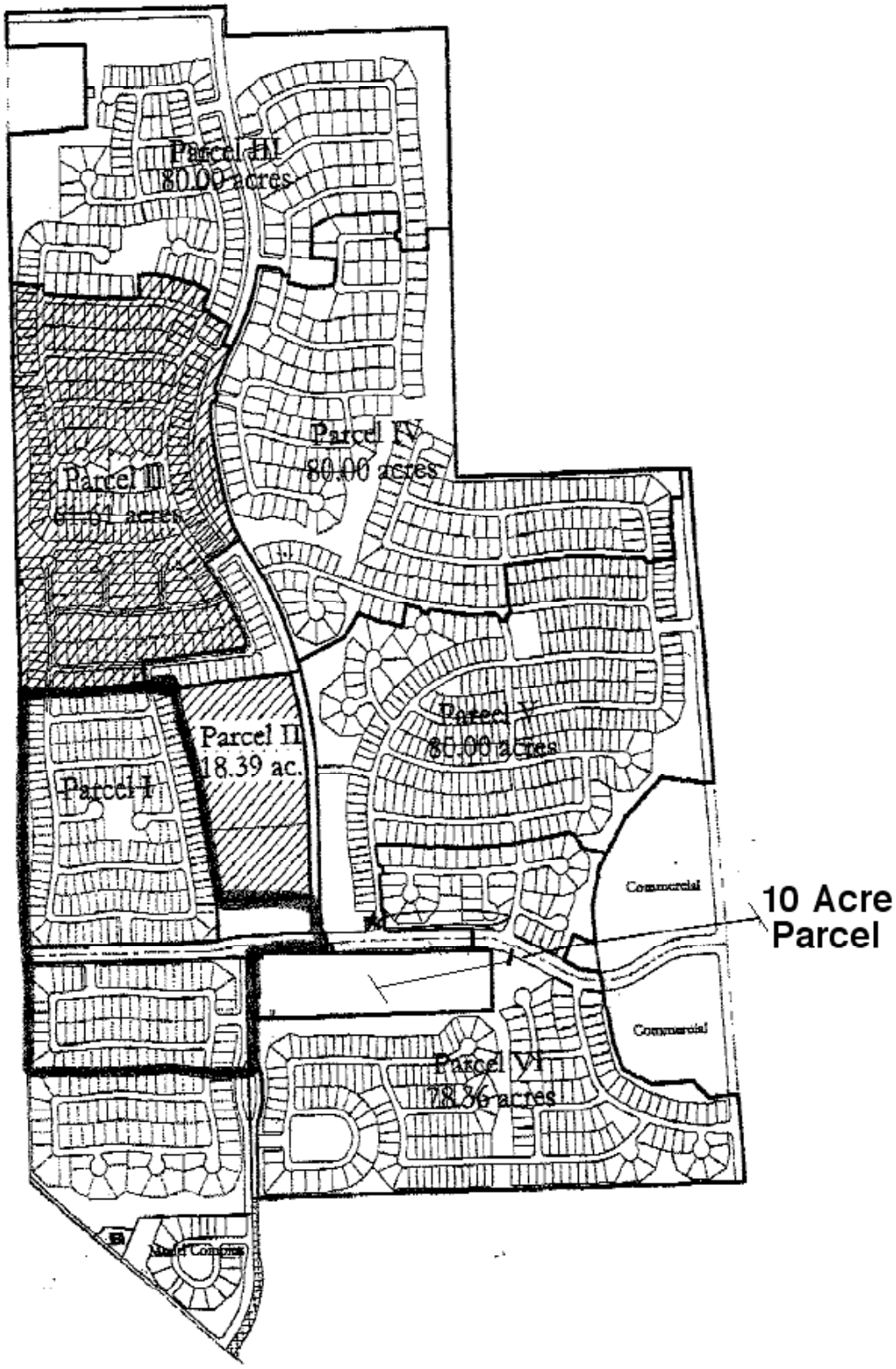
33. "**Tax Allocations. Code Section 704(c)**." In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with Section 16(a) of the Tax Provisions.

In the event the Gross Asset Value of any Company asset is adjusted pursuant to Section 16(b) of the Tax Provisions, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 33 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

[the rest of this page is left blank intentionally]

EXHIBIT C


Parcel III
80.00 acres
Parcel IV
80.00 acres
Parcel III
61.91 acres
Parcel II
18.39 ac.
Parcel I
Parcel V
80.00 acres
Commercial
10 Acre
Parcel
Commercial
Parcel VI
78.86 acres

SUBSCRIPTION AGREEMENT

This Agreement made on the date set forth on the signature page hereof by and between David Haney on behalf of an Arizona limited liability company ("Issuer" or the "Company" to be formed), and the person(s) set forth on the signature page hereto ("Purchaser").

W I T N E S S E T H:

Whereas, Issuer is offering Investment Membership Interests of Issuer, on a first come, first served basis (the "Offering"); and

Whereas, Purchaser is a sophisticated investor, as defined herein, who desires to purchase securities of the Issuer pursuant to this Agreement. Purchaser has received business and financial information regarding the investment and understands both the potential benefits and the potential risk of an investment in Issuer and desires to invest in Issuer.

Now therefore, in consideration of the mutual covenants and promises hereinafter set forth, Issuer and Purchaser hereby agree as follows:

1. Securities Purchase. Issuer hereby agrees to sell, and Purchaser agrees to purchase and pay for, the Investment Membership Interests (referred to as the "Securities") set forth on the signature page for the purchase price set forth on the signature page which shall be payable upon execution and delivery of this Agreement to Issuer by Purchaser.

2. Investment Representations. Purchaser represents and warrants to, and agrees with, Issuer as follows:

a. Purchaser is acquiring the Securities for investment and not with a view to a distribution thereof. Purchaser hereby agrees with Issuer that no Securities will be sold or otherwise disposed of by Purchaser unless either (i) the sale or other disposition will be pursuant to a Registration Statement under the Securities Act of 1933, as amended (the "Act") and any applicable securities laws of any state or other jurisdiction; or (ii) Purchaser shall have notified Issuer in writing of any desire on the part of Purchaser to sell or dispose of all or part of the Securities and of the manner and terms of the proposed transaction, and Issuer shall have been advised in writing by counsel acceptable to it that no registration of the Securities under the Act, or the rules and regulations then in effect thereunder, or any applicable state securities laws, is required in connection with the proposed sale or other disposition; or (iii) Issuer has been advised in writing by counsel acceptable to it that based on facts then existing, no registration of the Securities under the Act or the rules and regulations then in effect thereunder, is required for any future sale or disposition thereof by Purchaser.

b. All certificates evidencing ownership of the Securities (if certificates are ever issued to represent such ownership), or replacement or new certificates evidencing same, in the absence of registration under the Act shall bear an appropriate legend to the effect that the Securities evidenced by such certificate are subject to the terms of this Agreement and that appropriate stop transfer instructions will be issued to Issuer's transfer agent.

3. Compliance with Securities Laws. Purchaser and Issuer agree that the sale of the Securities will be effected without registration under the Act or under the applicable state Blue Sky law in reliance upon the exemption from registration afforded by Section 4(2) of the Act and/or Rule 506 of Regulation D promulgated under the Act. Purchaser hereby represents and warrants that Purchaser is an accredited investor, as such term is defined by the rules of the Securities and Exchange Commission promulgated under the Act, because Purchaser is one or more of the following:

a. an accredited investor by virtue of the fact that he or she has individual net worth or joint net worth with spouse which exceeds $1,000,000 as of the date hereof; or

b. an accredited investor by virtue of the fact that he or she has individual income in excess of $200,000 in each of the two most recent years or joint income with a spouse in excess of

$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or

c. a trust, a not-for-profit organization qualified under Section 501(c)(3) of the Internal Revenue Code, or a corporation or other business entity, that (i) was not formed for the purpose of acquiring Purchaser securities and (ii) has total assets in excess of $5,000,000; or

d. an entity of any kind (i.e., not a natural person), in which Purchaser's equity owners are all "accredited investors" themselves.

4. Restricted Interests. Purchaser acknowledges that all interests issued as a result of the Offering will be restricted in compliance with the Securities Act of 1933, as amended, and Rules 144 and 506 promulgated thereunder, and the certificates issued, if any, will have the following legend printed on them:

> The interests represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities laws, and may not be sold or transferred unless there is in effect with respect to said interests a registration statement pursuant to the Act and state securities laws, or unless the holder hereof shall have received a written opinion of counsel satisfactory to the holder and the corporation that such sale or transfer is exempt from the registration requirements of the Act and state securities laws.

5. Receipt of Operating Agreement; Restrictions on Transfer; Review by Counsel. Purchaser has received and reviewed the Operating Agreement of the Company and understands the provisions by which it will be operated. Purchaser has reviewed and understands that the Investment Memberships in the Company cannot be transferred or sold except with the consent of the Manager of the Company, except in limited circumstances. Purchaser is aware that there can be no assurance regarding the tax consequences of an investment in the Company. Purchaser acknowledges that he, she or it has been advised to consult with his, her or its own attorney regarding legal matters concerning the investment and to consult with independent tax counsel or advisors regarding the tax consequences of such investment.

6. Investment Risk; Receipt of Information. Purchaser acknowledges Purchaser's receipt of information regarding the Issuer's business and financial condition, including but not limited to a discussion of certain of the risks associated with an investment in the Securities. PURCHASER UNDERSTANDS THE POSSIBILITY THAT HE, SHE OR IT MAY, AND IS FINANCIALLY ABLE TO, SUFFER THE COMPLETE LOSS OF THE PURCHASER'S ENTIRE INVESTMENT.

6.1. Purchaser recognizes that the Company has not commenced operations and that the Securities as an investment involve a high degree of risk, including but not limited to the risk of economic losses from operations of the Company.

6.2. Purchaser also recognizes that the holders of the Securities are relying on the Manager of the Company, David Haney, to manage the Company and that the owners of Investment Membership Interests have no authority to make any decisions with respect to the management of the Company and have no ability to change or remove the Manager.

6.3 Purchaser specifically understands that if the Manager determine that the Company should invest in additional Real Estate, the Manager can sell additional Investment Membership Interests in the Company to raise the necessary capital for the investment, and the Interest of Purchaser will be diluted accordingly.

6.4 Purchaser has been given the opportunity to discuss the investment and the Company with the Manager and has received satisfactory answers to all questions and has received all information Purchaser believes is necessary for him to make an informed investment decision to purchase the Securities.

7. **Backup Withholding.** Purchaser, under penalties of perjury, certifies that purchaser is **NOT** subject to the backup withholding provisions of Section 3406(a)(i)(C) of the Internal Revenue Code. (Please note: You are subject to backup withholding if (i) you fail to furnish your Social Security Number or Taxpayer Identification Number herein, (ii) the Internal Revenue Services notifies the Company that you furnished an incorrect Social Security Number or Taxpayer Identification Number, (iii) you are notified that you are subject to backup withholding, or (iv) you failed to certify that you are not subject to backup withholding, or you fail to certify your Social Security Number or Taxpayer Identification Number.)

8. Sophisticated Investor Status. Purchaser represents and warrants that Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of an investment in the Securities.

9. State of Residency. Purchaser represents and warrants to Issuer that Purchaser is a resident of the state indicated on the signature page to this Agreement.

10. Opportunity to Communicate with Management. Purchaser acknowledges that a reasonable time before Purchaser executed this Agreement, Purchaser had the opportunity to ask questions of Issuer's management and receive answers concerning the terms and conditions of this sale of the Securities and to obtain any reasonably available additional information regarding the Issuer.

11. Application to Additional Securities. The representations, terms and provisions of this Agreement shall also be deemed to apply to any interests or any other security issued to the Purchaser as a result of any recapitalization, merger or consolidation of the Issuer, or as a result of the sale or conveyance to another person of all or substantially all of the assets of the Issuer.

12. Documentation. Purchaser understands that, as part of his or her investment in the Company Interests, Purchaser may be required to obtain or guarantee one or more loans secured by property owned by the Company. To enable the Company to apply on Purchaser's behalf for such loans, Purchaser agrees to deliver to the Company the following information and documents relating to Purchaser from time to time whenever requested by the Company:

- copy of identification, such as drivers license, passport or green card
- copies of bank statements for all accounts of Purchaser for the past 12 months
- letter from bank stating the current balances of Purchaser in all accounts
- tax returns for previous two years
- credit report
- credit/loan application, as requested by the Company

13. General Provisions.

a. This Agreement constitutes the entire agreement between the parties and supersedes and cancels any other agreement, representation or communication, whether oral or written, between the parties hereto relating to the transactions contemplated herein or the subject matter hereof, except the Operating Agreement of the Company to which Purchaser shall become a party.

b. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

c. All notices and other communications from any party hereto to any other party hereto shall be mailed by first-class, registered or certified mail, postage prepaid, to Issuer at its principal offices at 5041 East Pershing Avenue, Scottsdale, Arizona 85254 and to Purchaser at his, her, or its address as set forth on the signature page or as otherwise transmitted to Issuer from time to time.

d. No term hereof may be changed, waived, discharged or terminated other than by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

e. The headings in this Agreement are for the purposes of convenience of reference only and shall not be deemed to constitute a part hereof.

f. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Arizona.

g. The benefits of this Agreement shall inure, and the obligations of this Agreement shall be binding upon, the personal representatives, successors and assigns of the parties hereto; provided, however, that neither party shall assign its rights or obligations hereunder without the prior written consent of the other party.

14. **Acceptance of Operating Agreement. If the Company accepts this Subscription Agreement, the signature of Purchaser below also constitutes agreement to be bound by the Operating Agreement of the Company and shall constitute execution by Purchaser of the Operating Agreement.**

15. **Payment**. This Subscription Agreement shall not be complete until the Company has received payment of the Purchase Price in the amount of $_____, either by check (payment shall not be complete until a check has cleared and the Company possesses good funds) or by bank wire to the Company's bank account.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on the ____ day of _____, _____.

COMPANY:

By: _____
David Haney, Manager

PURCHASER:

_____
Signature

_____
Name Typed or Printed

_____
Address

_____
City/State/Zip Code

_____
Social Security Number or Tax ID