

STATE BOARD OF EQUALIZATION



Appeal Name: JAROSLAV MARIK AND JIRINA MARIK

Case ID: 547265

ITEM #. B3

Date: JUNE 21, 2011

Exhibit No: _____

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DEPT _____

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June 21, 2011

Jaroslav Marik and Jirina Marik

547265

**OPERATING AGREEMENT
FOR
UNIVERSITY VILLAGE HOUSING, LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY**

This Operating Agreement ("Agreement") for University Village Housing, LLC, a California limited liability company (the "Company") is made as of December 4, 2002, among the persons listed in Exhibit A hereto (collectively, the "Members").

RECITALS

A. On December 4, 2002 the Articles of Organization for the Company were filed with the California Secretary of State. On February 27, 2004 such Articles of Organization were amended by the filing of a Certificate of Amendment (Form LLC-2) with the California Secretary of State.

B. The parties desire to adopt and approve an operating agreement for the Company.

AGREEMENT

NOW, THEREFORE, the parties by this Agreement set forth the operating agreement for the Company under the laws of the State of California.

ARTICLE I

DEFINITIONS

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

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

1.2 "Affiliate" of a Member or a Manager means any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with a Member or a Manager, as applicable. The term "control," as used in the immediately preceding sentence, shall mean with respect to a corporation or limited liability company the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual,

partnership, trust, other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

1.3 "Agreement" means this Operating Agreement, as originally executed and as amended from time to time.

1.4 "Articles" means the Articles of Organization for the Company originally filed with the California Secretary of State and as amended from time to time.

1.5 "Assignee" means the owner of an Economic Interest who has not been admitted as a substitute Member of the Company in accordance with Article VII hereof.

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

1.7 "Capital Account" means, with respect to any Member, the capital account which the Company establishes and maintains for such Member pursuant to Section 3.3 hereof.

1.8 "Capital Contribution" means the total amount of cash, and the fair market value of property contributed, and/or services rendered or to be rendered to the Company by Members.

1.9 "Code" means the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.

1.10 "Company" means "University Village Housing, LLC," a California limited liability company.

1.11 "Company Minimum Gain" has the meaning ascribed to the term "Partnership Minimum Gain" in the Regulations Section 1.704-2(d).

1.12 "Corporations Code" means the California Corporations Code, as amended from time to time, and the provisions of succeeding law.

1.13 "Dissolution Event" means (i) the written agreement of a Majority Interest to dissolve the Company (provided, further, that while the Construction Loan is outstanding, the Construction Lender must consent thereto, and while the Participating Loan is outstanding, the Participating Lender must consent thereto); (ii) the sale or other disposition of substantially all of the Company's assets, including the Project and distribution to the Members of the proceeds

April 22, 2004 Draft

therefrom; or (iii) entry of a decree of judicial dissolution under Corporations Code Section 17351.

1.14 "Distributable Cash" means the amount of cash which the Managers deem available for distribution to the Members, taking into account all debts, liabilities, obligations of the Company (including the Project Loans, as such terms is defined in Section 2.6 hereof) and reasonable reserves for its future operations.

1.15 "Economic Interest" means the right to receive distributions of the Company's assets and allocations of income, gain, loss, deduction, credit and similar items from the Company pursuant to this Agreement and the Act, but shall not include any other rights of a Member, including, without limitation, the right to vote or participate in the management of the Company, or, except as provided in Section 17106 of the Corporations Code, any right to information concerning the business and affairs of the Company.

1.16 "Fiscal Year" means the Company's fiscal year, which shall be the calendar year.

1.17 "Former Member" is defined in Section 8.1 hereof.

1.18 "Former Member's Interest" is defined in Section 8.1 hereof.

1.19 "Majority Interest" mean the holders of not less than 65% of the Percentage Interests of the Company.

1.20 "Managers" means Southland Land Corporation, a California corporation ("Southland") and Renaissance Holdings, Inc., a California corporation ("Renaissance"), or any other person that succeeds either as a manager of the Company.

1.21 "Member" means each Person who is an initial signatory to this Agreement, has been admitted to the Company as a Member in accordance with the Articles or this Agreement or is an Assignee who has become a Member in accordance with Article VII hereof.

1.22 "Member Nonrecourse Debt" has the same meaning as the term "Partner Nonrecourse Debt" in Regulations Section 1.704-2(b)(4).

1.23 "Member Nonrecourse Deductions" means the items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt.

1.24 "Membership Interest" means a Member's entire interest in the Company including the Member's Economic Interest, the right to vote on or participate in the management, and the right to receive information concerning the business and affairs, of the Company.

1.25 "Net Profits" and "Net Losses" means the income, gain, loss and deductions of the Company in the aggregate or separately stated, as appropriate, determined in accordance with generally accepted accounting principles employed under the methods of accounting at the close of each Fiscal Year on the Company's information tax return filed for federal income tax purposes.

1.26 "Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

1.27 "Percentage Interest" means the percentage ownership interest of each Manager and/or Member of the Company.

1.28 "Person" means an individual, partnership, limited partnership, limited liability company, corporation, trust, estate, association or any other entity.

1.29 "Project" means an eight-story structure of approximately 215,000 square feet with approximately 149 apartment-style student housing units containing approximately 525 beds to be constructed and operated on the Property by the Company.

1.30 "Property" means that certain unimproved parcel of real property consisting of approximately 34,848 square feet in the University Village Center commonly known as 3600 Iowa Avenue in the City of Riverside, County of Riverside, State of California, as more particularly described in Exhibit B hereto.

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

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

1.33 "Tax Matters Partner" (as defined in Code Section 6231) shall be Renaissance or its successor as designated pursuant to Section 9.8 hereof.

ARTICLE II

ORGANIZATIONAL MATTERS

2.1 Formation. The Managers have formed the Company as a California limited liability company under the laws of the State of California by filing the Articles with the California Secretary of State and entering into this which Agreement. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

2.2 Name. The name of the Company shall be "University Village Housing, LLC." The business of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Managers deem appropriate or advisable. The Managers shall file any fictitious name certificates and similar filings, and any amendments thereto, that the Managers consider appropriate or advisable.

2.3 Term. The term of this Agreement commenced on the filing of the Articles and shall continue until terminated as hereinafter provided.

2.4 Office and Agent. The Company shall continuously maintain an office and registered agent in the State of California. The principal office of the Company shall be 233 Wilshire Boulevard, Suite 800, Santa Monica, California 90401, or as the Managers may determine. The Company may also have such offices, anywhere within and without the State of California, as the Managers may determine from time to time, or the business of the Company may require. The registered agent shall be as stated in the Articles or as otherwise determined by the Managers.

2.5 Addresses of the Members and the Managers. The respective addresses of the Members and Managers are set forth on Exhibit A hereto. A Member may change its address upon notice thereof to the Managers.

2.6 Purpose and Business of the Company. The purpose of the Company is limited to the following: (i) to acquire the Property from University Village, LLC, a California limited liability company ("UV LLC") and an Affiliate of Southland, on the terms and conditions described in that certain Purchase and Sale Agreement and Joint Escrow Instructions dated December 12, 2002, as amended (collectively, the "Property Purchase Agreement"); (ii) to obtain a \$29,000,000 construction loan (the "Construction Loan") from East-West Bank, a California banking association ("Construction Lender") pursuant to that certain Construction Loan Agreement and the Exhibits thereto between the Company and the Construction Lender (collectively, the "Construction Loan Documents"); (iii) to obtain a loan of \$2,950,000 (the "Participating Loan") from UVH, LLC, a California limited liability company ("Participating Lender"), on substantially the terms set forth in that certain _____ dated April __, 2004 and the other agreements between the parties with respect thereto (collectively, the "Participating Loan Documents"); (iv) to enter into that certain _____ dated April __, 2004 and the other agreements between the parties with respect thereto (collectively, the "Retention Loan Documents") with R.D. Olson Construction, L.P., a California limited partnership and the general contractor for the Project ("Olson"), pursuant to which \$1,500,000 of the Project construction costs owed to Olson shall be paid by the Company pursuant to the terms of a promissory note secured by a third priority deed of trust on the Property (the "Retention Loan"); (v) to enter into that certain Parking Structure Perpetual Use Agreement and Reciprocal Grant of Easements and Declaration of Covenants with UV LLC in substantially the form approved by the Managers for the purpose of making available to occupants of the beds of the Project up to a maximum of 525 of the parking spaces in the parking structure owned by UV LLC; (vi) to offer and sell an aggregate 64% membership interest in the Company to third party investors in exchange for aggregate capital contributions of \$5,060,954 ("Aggregate Capital"); (vii) to offer and sell a 36% membership interest in the Company to the Participating Lender in exchange for the Participating Lender making the Participating Loan to the Company; and (viii) to engage in such activities directly related to and in furtherance of the foregoing, as may be necessary, advisable, or appropriate, in the reasonable opinion of the Managers, including, without limitation, to develop and construct the Project on the Property using the Aggregate Capital and the proceeds of the Construction Loan, the Participating Loan and the Retention

Loan (collectively, the "Project Loans"), and to perform all of the Company's obligations arising under Construction Loan Documents, the Participating Loan Documents and the Retention Loan Documents (collectively, the "Project Loan Documents") with the Construction Lender, the Participating Lender and Olson (collectively, the "Project Lenders"). Thereafter the Company shall own, operate, sell and lease portions of the Project and engage in such other activities directly related to and in furtherance of the foregoing business as may be necessary, advisable, or appropriate, in the reasonable opinion of the Managers, subject to compliance with the terms of the Project Loan Documents.

ARTICLE III

CAPITAL CONTRIBUTIONS

3.1 Initial Capital Contributions. Upon the formation of the Company, the Members shall contribute to the Company the cash and assets set forth in Exhibit A hereto. The Members agree that such contributions have the values set forth in Exhibit A hereto and that the initial Capital Account of the Participating Lender shall be \$-0-. If any Member fails to make its initial Capital Contribution, the Company may pursue any available rights and remedies, including without limitation, any of the rights described in Section 17201 of the Act, each of which are hereby deemed incorporated by reference into this Agreement

3.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. If the Managers determine from time to time that Capital Contributions in addition to the Members' initial Capital Contributions are needed for the Company to conduct its business, the Managers shall give notice to all Members in writing at least 20 days before the date on which such additional Capital Contributions are needed. The notice shall set forth the amount of additional Capital Contributions needed, the purpose for which they are needed, and the date by which the Members may elect to make such additional Capital Contributions. The additional Capital Contributions requested from each Member shall equal an amount that bears the same proportion to the total additional Capital Contributions sought that such Member's Capital Account balance bears to the total Capital Account balances of all Members. Each Member shall receive a credit to its Capital Account in the amount of any additional Capital Contributions to the Company. If the Members do not contribute all of the additional Capital Contributions sought, the Managers may elect (in addition to seeking loans pursuant to Section 3.5 hereof) to sell additional Membership Interests in the Company to Persons other than the original Members, and the purchasers of such interests shall become Members of the Company. Thereafter, each Member's Percentage Interest shall be adjusted to reflect the ratio that such Member's Capital Account bears to the total Capital Accounts of all of the Members (*i.e.*, the *pro-rata* dilution effected thereby).

3.3 Capital Accounts. The Company shall establish and maintain an individual Capital Account for each Member in accordance with Regulations Section 1.704-1(b)(2)(iv). If a Member transfers all or a part of his or its Membership Interest in accordance with this

Agreement, the transferring Member's Capital Account attributable to the transferred Membership Interest shall carry over to the new owner of such Membership Interest pursuant to Regulations Section 1.704-1(b)(2)(iv)(1). Without limiting the foregoing, the Capital Account of each Member shall be maintained in accordance with the following provisions:

A. The Capital Account of each Member shall be increased by (i) the amount of any cash Capital Contribution by the Member to the Company, (ii) the fair market value of any property contributed by the Member to the Company (net of liabilities that the Company is deemed to have assumed or taken subject to, under and pursuant to Section 752 of the Code), as reasonably determined by the Managers, and (iii) allocations to the Member of Net Profits and other items of income and gain pursuant to Article VI, including income and gain exempt from tax, and income and gain described in Regulations Section 1.704-1(b)(2)(iv)(g), but excluding items of income and gain described in Regulations Section 1.704-1(b)(4)(i).

B. The Capital Account of each Member shall be decreased by (i) the amount of any cash distributed to such Member (exclusive of priority returns constituting guaranteed payments under Section 707(c) of the Code), (ii) the fair market value of any property distributed to such Member (net of any liabilities that such Member is deemed to have assumed or taken subject to, under and pursuant to Section 752 of the Code), after adjusting each Member's Capital Account by such Member's share of the unrealized income, gain, loss and deduction inherent in such property and not previously reflected in such Capital Account, as if the property had been sold for its then fair market value on the date of distribution, as reasonably determined by the Managers, (iii) allocations to the Member of expenditures described in Section 705(a)(2)(B) of the Code, and (iv) allocations to the Member of Net Loss and other items of loss and deduction pursuant to Article VI, including loss and deduction described in Regulations Section 1.704-1(b)(iv)(g), but excluding items of loss or deduction described in Regulations Section 1.704-1(b)(4)(i).

C. If, pursuant to Regulations Section 1.704-1(b)(2)(iv)(d) or 1.704-1(b)(2)(iv)(f), property is reflected on the books of the Company at a book value that differs from the adjusted tax basis of such property, the Members' Capital Accounts shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization, and gain or loss, as computed for book purposes, with respect to such property.

3.4 No Interest. No Member shall be entitled to receive any interest on its Capital Contributions.

3.5 Project Financing. The Members hereby acknowledge that construction of the Project will require the Company to obtain development, construction, operational and permanent financing from third parties and/or Members (or their respective Affiliates) including, without limitation, the Project Loans, and authorize the Managers of the Company to take any and all actions required for the Company to obtain such loans.

3.6 Contribution of Manager Fees. A Manager ("Deferring Manager") may elect, from time to time, in lieu of receiving development fees or other compensation from the

Company, to deem such fees or compensation cash Capital Contributions to the Company by the Deferring Manager for which the Percentage Interest and Capital Account of the Deferring Manager shall be increased accordingly. Without limiting the foregoing, the Company shall pay Renaissance an asset management fee (the "Asset Management Fee") equal to one percent (1%) of the gross income actually received by the Company from the operation of the Project. The Asset Management Fee shall be payable on a quarterly basis in arrears. The Asset Management Fee shall be an expense of the Company and shall be accrued (with interest on the accrued amount at the rate of 9% per annum) if required for the Company to satisfy its other required cash expenditures, including any payments due with respect to the Project Loans. The Company's obligation to pay the Asset Management Fee shall terminate on the date, if any, that the Company ceases to own the Property.

ARTICLE IV

MEMBERS

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

4.2 Admission of Additional Members. The Managers may admit to the Company additional Members, from time to time, subject to the following:

- A. A Majority Interest must consent to the admission;
- B. The additional Member shall make a Capital Contribution in such amount and on such terms as the Managers determine to be appropriate based upon the needs of the Company, the net value of the Company's assets, the Company's financial condition, and the benefits anticipated to be realized by the additional Member;
- C. No additional Member shall be admitted if the effect of such admission would be to terminate the Company within the meaning of Code Section 708(b); and
- D. The additional Member agrees to be bound by the terms of this Agreement.

Notwithstanding the foregoing, Assignees may only be admitted as substitute Members in accordance with Article VII hereof.

4.3 Withdrawals or Resignations. No Member may withdraw or resign as a Member of the Company, or is entitled to a return of its Capital Contribution, except as provided in this Agreement or the Act; provided, further, that while the Participating Loan is outstanding, the Participating Lender must consent to the withdrawal or resignation of any Member. In the event of any such non-permitted withdrawal or resignation, such Member's Membership Interest shall terminate pursuant to Section 4.4 hereof. Other than on dissolution of the Company as provided in this Agreement, there has been no time agreed on as to when the Capital Contribution of any Member shall be returned.

4.4 Termination of Membership Interest. Upon (i) the transfer of a Member's Membership Interest in violation of Article VII hereof, or (ii) the withdrawal or resignation of a Member in violation of Section 4.3 hereof, the Membership Interest of a Member shall be terminated by the Managers and thereafter that Member shall be an Assignee only unless such Membership Interest shall be purchased by the Company and/or remaining Members as provided in Article VIII hereof. Each Member acknowledges and agrees that such termination or purchase of a Membership Interest upon the occurrence of any of the foregoing events is not unreasonable under the circumstances existing as of the date hereof.

4.5 Competing Activities. Each Manager and Member (including the respective shareholders, members, agents, employees and Affiliates thereof) may engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the Company's business and that might be in direct or indirect competition with the Company. Neither the Company nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom. Each Manager and Member shall not be obligated to present any investment opportunity or prospective economic advantage to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by the Company. Each Manager and Member shall have the right to hold any investment opportunity or prospective economic advantage for his or its own account or to recommend such opportunity to Persons other than the Company. Each Member acknowledges that the Managers and their respective Affiliates (including Michael L. Keele with respect to Southland and Adam C. Hall with respect to Renaissance) own and/or manage other businesses, including businesses that may compete with the Company and for such Manager's time. Each Member hereby waives any and all rights and claims it may otherwise have against the Managers and their respective Affiliates as a result of any such activities.

4.6 Transactions With the Company. Subject to any limitations set forth in this Agreement and with the prior approval of a Majority Interest, a Member may lend money to and transact other business with the Company. Subject to other applicable law, such Member shall have the same rights as a third party lender.

4.7 Remuneration to Members. Except as otherwise expressly provided in this Agreement to the contrary, no Member is entitled to remuneration for acting in the Company business.

4.8 Members Are Not Agents. Pursuant to Section 5.1 hereof and the Articles, the management of the Company is vested in the Managers. The Members shall have no power to participate in the management of the Company except as expressly authorized by this Agreement or the Articles, except as expressly required by the Act. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by the Managers, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

4.9 Voting Rights. Except as expressly provided in this Agreement or the Articles, Members shall have no voting, approval or consent rights. Where such rights are required, they shall require the affirmative action of a Majority Interest (or, in instances in which there are defaulting or remaining Members or Managers, a majority of the non-defaulting or remaining Members and Managers). All votes, approvals or consents required from the Members shall not be unreasonably withheld, conditioned or delayed.

4.10 Meetings of Members.

A. Date, Time and Place of Meetings of Members; Secretary. Meetings of Members may be held at such date, time and place within or without the State of California as the Managers may fix from time to time. At any Members' meeting, the Managers shall appoint a person to preside at the meeting and a person to act as secretary of the meeting. The secretary of the meeting shall prepare minutes of the meeting which shall be placed in the minute books of the Company.

B. Power to Call Meetings. Meetings of Members may be called by the Managers, or upon written demand of Members holding more than ten percent (10%) of the Percentage Interests for the purpose of addressing any matters on which the Members may vote.

C. Notice of Meeting. Written notice of a meeting of Members shall be sent or otherwise given to each Member in accordance with Section 4.10D hereof not less than ten (10) days nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date and hour of the meeting and the general nature of the business to be transacted. No other business may be transacted at this meeting. Upon the written request by any person entitled to call a meeting of Members, the Managers shall immediately cause notice to be given to the Members entitled to vote that a meeting will be held at a time requested by the person calling the meeting, not less than ten (10) days nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the person entitled to call the meeting may give the notice.

D. Manner of Giving Notice; Affidavit of Notice. Notice of any meeting of Members shall be given either personally or by first-class mail or telegraphic or other written communication, charges prepaid, addressed to the Member at the address of that Member appearing on the books of the Company or given by the Member to the Company for the purpose of notice. If no such address appears on the Company's books or is given, notice shall be deemed to have been given if sent to that Member by first-class mail or telegraphic or other written communication to the Company's principal executive office. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

If any notice addressed to a Member at the address of that Member appearing on the books of the Company is returned to the Company by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the Member at that address, all future notices or reports shall be deemed to have been duly given without further mailing if these

shall be available to the Member on written demand of the Member at the principal executive office of the Company for a period of one year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any meeting shall be executed by the Managers or any secretary, assistant secretary, or any transfer agent of the Company giving the notice, and shall be filed and maintained in the minute book of the Company.

E. Validity of Action. Any action approved at a meeting, other than by unanimous approval of those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

F. Quorum. The presence in person or by proxy of a Majority Interest shall constitute a quorum at a meeting of Members. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the loss of a quorum, if any action taken after loss of a quorum (other than adjournment) is approved by a Majority Interest.

G. Adjourned Meeting: Notice. Any Members' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the Percentage Interests represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in Section 4.10F hereof. When any meeting of Members is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is subsequently fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Managers shall set a new record date. At any adjourned meeting the Company may transact any business which might have been transacted at the original meeting.

H. Waiver of Notice or Consent. The actions taken at any meeting of Members however called and noticed, and wherever held, have the same validity as if taken at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or consents to the holding of the meeting or approves the minutes of the meeting. All such waivers, consents or approvals shall be filed with the Company records or made a part of the minutes of the meeting.

Attendance of a person at a meeting shall constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting. Neither the business to be transacted nor the purpose of any meeting of Members need be specified in any written waiver of notice except as provided in Section 4.10E hereof.

I. Action by Written Consent Without a Meeting. Any action that may be taken at a meeting of Members may be taken without a meeting, if a consent in writing setting forth the action so taken, is signed and delivered to the Company within sixty (60) days of the record date for that action by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to vote on that action at a meeting were present and voted. All such consents shall be filed with the Managers or the secretary, if any, of the Company and shall be maintained in the Company records. Any Member giving a written consent, or the Member's proxy holders, may revoke the consent by a writing received by the Managers or secretary, if any, of the Company before written consents of the number of votes required to authorize the proposed action have been filed.

Unless the consents of all Members entitled to vote have been solicited in writing, (i) notice of any Member approval of an amendment to the Articles or this Agreement, a dissolution of the Company, or a merger of the Company, without a meeting by less than unanimous written consent, shall be given at least ten (10) days before the consummation of the action authorized by such approval, and (ii) prompt notice shall be given of the taking of any other action approved by Members without a meeting by less than unanimous written consent, to those Members entitled to vote who have not consented in writing.

J. Telephonic Participation by Member at Meetings. Members may participate in any Members' meeting through the use of any means of conference telephones or similar communications equipment as long as all Members participating can hear one another. A Member so participating is deemed to be present in person at the meeting.

K. Record Date. In order that the Company may determine the Members of record entitled to notices of any meeting or to vote, or entitled to receive any distribution or to exercise any rights in respect of any distribution or to exercise any rights in respect of any other lawful action, the Managers may fix, in advance, a record date, that is not more than sixty (60) days nor less than ten (10) days prior to the date of the meeting and not more than sixty (60) days prior to any other action. If no record date is fixed:

(i) The record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(ii) The record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given.

(iii) The record date for determining Members for any other purpose shall be at the close of business on the day on which the Managers adopt the resolution relating thereto, or the 60th day prior to the date of the other action, whichever is later.

(iv) The determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting unless a Managers or the Members who called the meeting fix a new record date for the adjourned meeting, but the Managers or the Members who called the meeting shall fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date set for the original meeting.

L. Proxies. Every Member shall have the right to vote on any matter either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Managers or secretary, if any, of the Company. A proxy shall be deemed signed if the Member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, electronic transmission or otherwise) by the Member or the Member's attorney in fact. A proxy may be transmitted by an oral telephonic transmission if it is submitted with information from which it may be determined that the proxy was authorized by the Member or the Member's attorney in fact. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (v) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the Company stating that the proxy is revoked, or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy; or (vi) written notice of the death or incapacity of the maker of that proxy is received by the Company before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Corporations Code Sections 705(e) and 705(f).

4.11 Membership Interest Certificates. The Company may, but shall not be required to, issue certificates evidencing Membership Interests ("Membership Interest Certificates") to Members of the Company. Once Membership Interest Certificates have been issued, they shall continue to be issued as necessary to reflect current Membership Interests held by Members. Membership Interest Certificates shall be in such form as may be approved by the Managers, shall be manually signed by the Manager, and shall bear conspicuous legends referencing the restrictions on the sale, transfer, pledge, encumbrance or other disposition of a Membership Interest in the Company set forth in Section 7 of this Agreement. All issuances, reissuances, exchanges, and other transactions in Membership Interests involving Members shall be recorded in a permanent ledger as part of the books and records of the Company.

ARTICLE V

MANAGEMENT AND CONTROL OF THE COMPANY

5.1 Management of the Company by Managers

A. Exclusive Management by Managers. The business, property and affairs of the Company shall be managed exclusively by the Managers. Except for situations in which the approval of the Members is expressly required by this Agreement, the Managers shall have full,

complete and exclusive authority, power, and discretion to manage and control the business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business, property and affairs. The Managers may employ on behalf of the Company such Persons (including Affiliates of either Manager) as the Managers deem advisable for the operation of the business of the Company; provided, however, that any Affiliates of either Manager shall receive compensation no more favorable than that generally prevalent in the geographic area of the Property.

B. Agency Authority of Managers. Subject to Section 5.3B hereof, the Managers are authorized to open bank accounts in the name of the Company, endorse checks, drafts, and other evidence of indebtedness made payable to the order of the Company, and may sign all checks, drafts, and other instruments obligating the Company to pay money, and may sign contracts and obligations on behalf of the Company.

5.2 Election of Managers.

A. Number, Term, and Qualifications. The Company shall initially have two (2) Managers which shall be Southland and Renaissance. Neither Manager need be a Member, an individual, a resident of the State of California, or a citizen of the United States. Anything in this Agreement to the contrary notwithstanding, except for the transactions described in Sections 5.3(A)(i) and 5.3B hereof, which shall require the consent of both Managers, all decisions with respect to the business, property, affairs and operations of the Company shall be made exclusively by Renaissance, in its capacity as a Manager of the Company.

B. Resignation. Either Manager may resign at any time by giving written notice to the Members without prejudice to the rights, if any, of the Company under any contract to which such Manager is a party. The resignation of a Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. Resignation of a Manager shall not affect or diminish its rights as a Member, including but not limited to the right to receive distributions from operations, capital events and/or liquidation or net income from the Company.

C. Removal. Southland and/or Renaissance, as the case may be, shall be deemed removed as an initial manager of the Company if it shall dissolve or become bankrupt. A Majority Interest also may remove either Manager or both Managers with or without cause, at any time. Any Project Lender whose Project Loan is outstanding may remove a Manager for "cause," which shall mean: (i) the commission of any act that, if prosecuted, would constitute a felony under the laws of the State of California or a crime under the laws of the United States of America; (ii) an uncured material breach by the Manager of any provision of this Agreement; (iii) the commission of fraud by the Manager on the Company or any of its Members or lenders; (iv) the Manager's embezzlement of Company funds or conversion of Company assets; or (v) an uncured act or omission of the Manager constituting gross negligence or willful misconduct. Any disputes with respect to the right of the Members to remove a Manager shall be decided in accordance with the arbitration provisions of this Agreement. Removal of a Manager shall not

affect or diminish its rights as a Member, including but not limited to the right to receive distributions from operations, capital events and/or liquidation or net income from the Company.

D. Vacancies. Any vacancy occurring upon the resignation or removal of a Manager may be filled by the affirmative vote or written consent of a Majority Interest.

5.3 Powers of Managers.

A. Powers of Managers. Without limiting the generality of Section 5.1 hereof, but subject to Section 5.3B hereof and to the express limitations set forth elsewhere in this Agreement, the Managers shall have all necessary powers to manage and carry out the purposes, business, property, and affairs of the Company, including, without limitation, the power to exercise on behalf and in the name of the Company all of the powers described in Corporations Code Section 17003 which are not excluded elsewhere, including, without limitation, the power to:

- (i) Acquire the Property on terms acceptable to the Managers;
- (ii) Construct the Project on terms acceptable to the Managers, including by the Managers' approval of the initial construction budget for the Project (the "Initial Construction Budget"), a copy of which is attached as Exhibit C hereto;
- (iii) Have an ongoing operational budget for the Property acceptable to the Managers, which shall require both Managers to sign any check or authorize any payment in excess of \$25,000 not in the Initial Construction Budget;
- (iv) Obtain the Project Loans and all building permits or any other approvals required by any governmental agency;
- (v) Cause to be prepared all necessary architectural plans, designs, specifications and drawings for the Project;
- (vi) Negotiate and execute all contracts and purchase orders required to acquire the Property, complete the Project and sell and lease the Project and portions thereof, including entering into a contract with a licensed contractor(s) for the construction of the Project;
- (vii) Take all action required to comply with the terms and provisions of any permits, entitlements, and other governmental approvals required for the development and operation of the Project and, in connection therewith, enter into a disposition and development agreement, and any other agreement, with respect to the development of the Property, it being the express agreement of the Members that Renaissance, acting alone, may sign all documents required by the Construction Lender for the disbursement of the proceeds of the Construction Loan;
- (viii) Sell, exchange, lease, or otherwise dispose of any or all of the Project, and other property and assets owned by the Company, or any part thereof, or any interest

therein, each for arm's length consideration, and, in connection therewith, to execute any and all required documents including offers, counter-offers, escrow instructions, deeds and releases;

(ix) Increase the amount of, modify, amend, or change the terms of, or extend the time for the payment of any indebtedness or obligation of the Company (including the Project Loans), and secure such indebtedness by a security interest in, or other lien on, Company assets, including the Property and the Project;

(x) Refinance the Project to replace the Project Loans on terms acceptable to the Managers, including through any permitted bond financing;

(xi) Pay all taxes, assessments and other impositions applicable to the Company's interest in the Property and the Project, and undertake actions or proceedings it determines to be necessary or appropriate to seek to reduce such taxes or impositions;

(xii) Guarantee the payment of money or the performance of any contract or obligation of any person;

(xiii) Sue on, defend, or compromise any and all claims or liabilities in favor of or against the Company;

(xiv) Retain employees and independent contractors necessary for the operation of the Company's business, legal counsel, auditors, and other professionals in connection with the Company business and to pay therefor such remuneration as the Managers may reasonably determine; and

(xv) Obtain, on behalf of the Company, all forms of insurance appropriate for the business of the Company (including earthquake, comprehensive bodily injury and property damage liability insurance covering the Company's liability for ownership of the Property and the Project, workmens' compensation insurance, builder's all risk insurance for 100% of the full insurable value of any construction undertaken by the Company, and such other insurance as the Managers shall reasonably determine to be in the best interest of the Company), each with such limits and deductibles as shall be reasonably determined by the Managers.

The Company shall pay for services rendered or goods provided to the Company, each of which shall be considered an expense of the Company.

B. Limitations on Power of Managers. The Managers shall not cause the Company to engage in the following transactions without first obtaining the affirmative vote or written consent of each of: (w) a Majority Interest, (x) both Managers of the Initial Member, (y) during the period that the Participating Loan is outstanding, the consent of the Participating Lender (which consent shall not be unreasonably withheld), and (z) during the period that the Construction Loan is outstanding, the consent of the Construction Lender.

- (i) Permit the Initial Construction Budget to increase by more than five percent (5%);
- (ii) The sale, exchange or other disposition of all, or substantially all, of the Company's assets, except in the orderly liquidation and winding up of the business of the Company upon its duly authorized dissolution;
- (iii) The merger of the Company with another entity;
- (iv) An alteration of the primary purpose or business of the Company as set forth in Section 2.6 hereof;
- (v) Any act which would make it impossible to carry on the ordinary business of the Company;
- (vi) Filing a bankruptcy petition on behalf of the Company; and
- (vii) Any other transaction described in this Agreement as requiring the vote, consent, or approval of the Members.

5.4 Performance of Duties; Liability of Managers. The Managers shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, reckless or intentional misconduct, or knowing violation of law by the Managers. The Managers shall perform their managerial duties in good faith, in a manner reasonably believed to be in the best interests of the Company and its Members, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. A Manager who so performs its duties shall not have any liability by reason of being or having been a Manager of the Company. In performing its duties, each Manager shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, of the following persons or groups unless the Manager has knowledge concerning the matter in question that would cause such reliance to be unwarranted and provided that such Manager acts in good faith and after reasonable inquiry when the need therefor is indicated by the circumstances:

- A. One or more officers, employees or other agents of the Company whom such Manager reasonably believes to be reliable and competent in the matters presented; or
- B. Any attorney, independent accountant, or other person as to matters which such Manager reasonably believes to be within such person's professional or expert competence.

5.5 Devotion of Time. The Managers are not obligated to devote all of their respective time or business efforts to the affairs of the Company. Each Manager shall devote such time, effort, and skill as is reasonably required for the prompt and efficient operation of the Company.

5.6 Limited Liability. Neither Manager shall be liable to the Company or the Members for any mistake of fact or judgment or for the doing of any act or the failure to do any act, unless such mistake, act or failure is the result of such Manager's fraud, bad faith, gross negligence or willful misconduct.

5.7 Indemnification. The Company shall, at its cost and expense, indemnify, defend and hold harmless each Manager and Member and their respective Affiliates from and against any liabilities, obligations, claims, demands, losses, damages, lawsuits or other proceedings, judgments and awards, and costs and expenses (including but not limited to reasonable attorneys' fees and expenses) (collectively, "Claims") to the extent arising out of this Agreement or the Project, except to the extent that such Claim (i) resulted from an uncured material breach of this Agreement by the indemnified party, or (ii) the gross negligence or willful misconduct of the indemnified party. Notwithstanding any provision of this Agreement to the contrary, no Member shall have any personal liability for (or shall be required to make Aggregate Capital Contributions with respect to) the performance of the Company obligations under this Section 5.7, and each indemnified party under this Section 5.7 shall look solely to the assets of the Company for performance of the Company's obligations hereunder.

5.8 Membership Interests of Managers. Except as otherwise provided in this Agreement, Membership Interests held by either Manager as a Member shall entitle such Manager to all the rights of a Member, including without limitation the economic, voting, information and inspection rights of a Member.

5.9 Separateness Covenants. The Company hereby represents, warrants and covenants that, except for the transactions contemplated by Section 2.6 hereof, the Company has not, and without the prior written consent of the Participating Lender and Olson will not:

A. Provide in its operating agreement that the purpose of the Company is anything other than as described in Section 2.6 hereof and activities incidental thereto;

B. Engage in any business or activity other than other than as described in Section 2.6 hereof and activities incidental thereto;

C. Acquire or own any assets other than the Property and such incidental personal property as may be necessary for the development and construction of the Project and the maintenance and operation thereof;

D. Fail to do all things necessary to preserve its existence in good standing under the laws of the jurisdiction of its organization or fail to qualify and remain qualified as a foreign limited liability company in each jurisdiction, if any, in which such qualification is required;

E. Fail to maintain all customary formalities regarding its existence and operation, including holding regular meetings of the parties responsible for its governance, whether members or Managers, as applicable under the Act and this Agreement;

F. Merge into or consolidate with any Person or dissolve, terminate or liquidate in whole or in part, (or suffer any liquidation, dissolution or winding up, in whole or in part), or transfer or otherwise dispose of all or a material portion of its assets, or acquire all or a material portion of the assets or the business of a Person, or enter into a joint venture with any Person or become a partner in a partnership or change its legal structure, or form of business organization;

G. Commingle its assets or funds with the assets of any other Person, including its Affiliates, or fail to maintain its assets in such a manner that it is costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person, including the Managers' respective Affiliates;

H. Incur, assume, create or suffer to exist any indebtedness other than (i) the Project Loans, (ii) indebtedness solely related to the purposes set forth in Section 2.6 hereof; and (iii) trade payables and accrued expenses incurred in the ordinary course of business and in amounts that are reasonable and normal under the circumstances with respect to the construction, operation and maintenance of the Project;

I. Assume, guarantee, endorse or otherwise be or become directly or contingently responsible or liable for the obligations of any Person or otherwise assure a creditor of another Person against loss, including an agreement to purchase any obligation, stock, assets, goods or services or to supply or advance any funds, assets, goods or services, or an agreement to maintain or cause such Person to maintain a minimum working capital or net worth, except guaranties by endorsement of negotiable instruments for deposit or collection in the ordinary course of business and other obligations solely related to the purpose of the Company, as set forth in Section 2.6 hereof;

J. Make a loan or advance to a Person or purchaser, or otherwise acquire any capital stock, assets, obligations, or other securities of, or make any capital contribution to, or otherwise invest in or acquire any interest in any Person, including its Affiliates, or acquire by purchase or otherwise all or substantially all of the assets or business of any Person, unless related to the purpose of the Company, as set forth in Section 2.6 hereof;

K. Enter into any contract or agreement with any Affiliates, except in the ordinary course of and pursuant to the reasonable requirements of the business of the Company and the Initial Member, as applicable, and upon fair and reasonable terms no less favorable to the Initial Member or the Company, as applicable, than the Initial or the Company, as applicable, would obtain in a comparable arm's length transaction with a Person that is not an Affiliate;

L. Fail to (i) hold itself out to the public as a legal Person separate and distinct from any other Person, (ii) conduct its business solely in its own name, and (iii) correct any known misunderstanding regarding its separate identity;

M. Fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

N. File or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors;

O. Fail to pay its own liabilities from its own separate assets, including payment of the salaries of its employees;

P. Fail to maintain a sufficient number of employees in light of its contemplated business operations;

Q. Fail to (i) maintain its records, financial statements, accounting records, books of account, and bank accounts and organizational documents separate and apart from those of any other Person, including its Affiliates; (ii) prepare its own financial statements, (iii) file its own tax returns, or (iv) use separate stationery, invoices and checks; and

R. Fail to allocate and charge fairly and reasonably any common employee or overhead shared with Affiliates.

ARTICLE VI

ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS

6.1 Allocations of Net Profit and Net Loss.

A. Net Profit. Net Profit shall be allocated to the Members in proportion to their Percentage Interests.

B. Net Loss. After giving effect to the special allocations set forth in Section 6.2 hereof, Net Loss shall be allocated to the Members in proportion to their Percentage Interests. Notwithstanding this Section 6.1B, loss allocations to a Member shall be made only to the extent that such loss allocations will not create a deficit Capital Account balance for that Member in excess of an amount, if any, equal to such Member's share of Company Minimum Gain. Any loss not allocated to a Member or a Manager because of the foregoing provision shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of losses under this Section 6.1B). Any loss reallocated under this Section 6.1B shall be taken into account in computing subsequent allocations of income and losses pursuant to this Article VI, so that the net amount of any item so allocated and the income and losses allocated to each Member pursuant to this Article VI, to the extent possible, shall be equal to the net amount that would have been allocated to each such Member or Manager pursuant to this Article VI if no reallocation of losses had occurred under this Section 6.1B.

6.2 Special Allocations. Notwithstanding Section 6.1 hereof:

A. Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of

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

B. Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt.

~~If there is a net decrease in Company Minimum Gain attributable to a Member Nonrecourse Debt, during any Fiscal Year, each member who has a share of the Company Minimum Gain attributable to such Member Nonrecourse Debt (which share shall be determined in accordance with Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to that portion of such Member's share of the net decrease in Company Minimum Gain attributable to such Member Nonrecourse Debt that is allocable to the disposition of Company property subject to such Member Nonrecourse Debt (which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(i)(5)). Allocations pursuant to this Section 6.2B shall be made in proportion to the amounts required to be allocated to each Member under this Section 6.2B. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 6.2B is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.~~

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

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

E. Qualified Income Offset. If a Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), or any other event creates a deficit balance in such Member's Capital Account in excess of such Member's share of Company Minimum Gain, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate such excess deficit balance as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 6.2E shall be taken into account in computing subsequent allocations of income and gain pursuant to this Article VI so that the net amount of any item so allocated and the income, gain, and losses allocated to each Member pursuant to this Article VI to the extent possible, shall be equal to the net amount that would have been allocated

to each such Member pursuant to the provisions of this Section 6.2E if such unexpected adjustments, allocations, or distributions had not occurred.

6.3 Code Section 704(c) Allocations. Notwithstanding any other provision in this Article VI, in accordance with Code Section 704(c) and the Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this Section 6.3 are solely for purposes of federal, state and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or other items of distributions pursuant to any provision of this Agreement.

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

However, for the purpose of accounting convenience and simplicity, the Company shall treat a transfer of, or an increase or decrease in, an Economic Interest which occurs at any time during a semi-monthly period (commencing with the semi-monthly period including the date hereof) as having been consummated on the last day of such semi-monthly period, regardless of when during such semi-monthly period such transfer, increase, or decrease actually occurs (*i.e.*, sales and dispositions made during the first fifteen (15) days of any month will be deemed to have been made on the 15th day of the month).

Notwithstanding any provision above to the contrary, gain or loss of the Company realized in connection with a sale or other disposition of any of the assets of the Company shall be allocated solely to the parties owning Economic Interests as of the date such sale or other disposition occurs.

6.5 Distributions from Operations. Subject to applicable law any limitations contained in this Agreement, and the Company's obligation to comply with the terms and conditions of the Project Loan Documents, the Managers shall distribute Distributable Cash from the Company's operations on an annual basis, which distributions shall be made to the Members and Managers as follows:

A. Fifty percent (50%) of all Distributable Cash shall be distributed: first, to those Members and Managers with positive Capital Account balances, pro rata based on their respective Capital Account balances, until they have received distributions pursuant to this Section 6.5A and Section 6.6A hereof on a cumulative basis equal to their aggregate unreturned

initial Capital Contributions and additional Capital Contributions, if any; and, thereafter, to the Members (other than the Participating Lender) and Managers on a *pro rata* basis in proportion to their respective Percentage Interests; and

B. Fifty percent (50%) of all Distributable Cash shall be distributed to all Members (including the Participating Lender) and Managers, on a *pro rata* basis in proportion to their respective Percentage Interests.

All such distributions shall be made only to the Persons who, according to the books and records of the Company, are the holders of record of the Economic Interests in respect of which such distributions are made on the actual date of distribution. Subject to Section 6.7 hereof, neither the Company nor the Managers shall incur any liability for making distributions in accordance with this Section 6.5.

6.6 Distributions from Capital Events. All Distributable Cash, if any, received by the Company from the sale, condemnation or refinancing of the Property or the Project, if permitted under the terms of the Project Loans and not required for the operation of the Company, shall be distributed to the Members and Managers as follows:

A. First, to those Members (other than the Participating Lender) and Managers with positive Capital Account balances, *pro rata* based on their respective Capital Account balances, until they have received distributions pursuant to this Section 6.6A and Section 6.5A hereof on a cumulative basis equal to their aggregate unreturned initial Capital Contributions and additional Capital Contributions, if any; and,

B. Thereafter, to all Members (including the Participating Lender) and Managers, on a *pro rata* basis in proportion to their respective Percentage Interests.

All such distributions shall be made only to the Persons who, according to the books and records of the Company, are the holders of record of the Economic Interests in respect of which such distributions are made on the actual date of distribution. Subject to Section 6.7 hereof, neither the Company nor the Managers shall incur any liability for making distributions in accordance with this Section 6.6.

(By way of example only, assume (i) Member A (who is not the Participating Lender) has a Capital Account balance of \$100,000 and a 3% Percentage Interest, and (ii) the total Capital Account balance of all Members is equals \$1,000,000. If there is \$120,000 of Distributable Cash available from the Company's operations for distribution, such amount would be distributed as follows:

- (a) 50% (i.e., \$60,000) would go to all Members (other than the Participating Lender), and Member A would 10% thereof (i.e., \$6,000) thereof based on Member A's Capital Account balance ; and

(b) 50% (i.e., \$60,000) would go to all Members (including the Participating Lender), and Member A would 3% thereof (i.e., \$1,800) thereof based on Member A's Percentage Interest.)

6.7 Form of Distribution. A Member, regardless of the nature of the Member's Capital Contribution, has no right to demand and receive any distribution from the Company in any form other than money. Except as provided in Section 10.4 hereof, no Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members and no Member may be compelled to accept a distribution of any asset in kind.

6.8 Restriction on Distributions.

A. No distribution shall be made if, after giving effect to the distribution:

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

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

B. The Managers may base a determination that a distribution is not prohibited on any of the following:

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

(ii) A fair valuation; or

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

Except as provided in Corporations Code Section 17254(e), the effect of a distribution is measured as of the date the distribution is authorized if the payment occurs within 120 days after the date of authorization, or the date payment is made if it occurs more than 120 days of the date of authorization.

C. A Member or Manager who knowingly votes for a distribution in violation of this Agreement or the Act is personally liable to the Company for the amount of the distribution that exceeds what could have been distributed without violating this Agreement or the Act if it is established that such Member or Manager did not act in compliance with Sections 6.7 or 10.4 hereof. Any Member or Manager who is so liable shall be entitled to compel contribution from (i) each other Member or Manager who also is so liable and (ii) each Member for the amount the Member received with knowledge of facts indicating that the distribution was made in violation of this Agreement or the Act.

6.9 Return of Distributions. Members and Assignees who receive distributions made in violation of the Act or this Agreement shall return such distributions to the Company. Except for those distributions made in violation of the Act or this Agreement, no Member or Assignee shall be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company. The amount of any distribution returned to the Company by a Member or Assignee or paid by a Member or Assignee for the account of the Company or to a creditor of the Company shall be added to the account or accounts from which it was subtracted when it was distributed to the Member or Assignee.

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

ARTICLE VII

ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS

7.1 Transfer and Assignment of Interests. No Member, including the Managers, shall transfer, assign, convey, sell, encumber or in any way alienate all or any part of his or its Membership Interest (collectively, "transfer"), except with the prior written consent of at least one of the Managers and a Majority Interest, which consent may be given or withheld, conditioned or delayed (as allowed by this Agreement or the Act), as the Managers and Members may determine in their sole and absolute discretion. Transfers in violation of this Article VII shall only be effective to the extent set forth in Section 7.7 hereof. After the consummation of any transfer of any part of a Membership Interest or Manager's Percentage Interest, the interest so transferred shall continue to be subject to the terms and provisions of this Agreement and any further transfers shall be required to comply with all of the terms and provisions of this Agreement.

7.2 Further Restrictions on Transfer of Interests. In addition to other restrictions found in this Agreement, no Member shall transfer, assign, convey, sell, encumber or in any way alienate all or any part of his or its Membership Interest: (i) without compliance with all federal and state securities law; or (ii) if the Membership Interest to be transferred, when added to the total of all other Membership Interests transferred in the preceding twelve (12) consecutive months prior thereto, would cause the tax termination of the Company under Code Section 708(b)(1)(B).

7.3 Substitution of Members. An Assignee of a Membership Interest shall have the right to become a substitute Member only if: (i) the requirements of Sections 7.1 and 7.2 hereof are satisfied; (ii) the Assignee executes an instrument satisfactory to the Managers accepting and adopting the terms and provisions of this Agreement; and (iii) the Assignee pays any reasonable expenses in connection with the Assignee's admission as a new Member. The

admission of an Assignee as a substitute Member shall not result in the release of the Member who assigned the Membership Interest from any liability that such Member may have to the Company.

7.4 Permitted Transfers. Anything in this Article VII to the contrary notwithstanding, a Member or Manager may transfer or assign all or any portion of its Membership Interest without the prior consent of the Managers or the Members, subject only to compliance with Section 7.2 hereof, to a direct family member or a family trust.

7.5 Effective Date of Permitted Transfers. Any permitted transfer of all or any portion of a Membership Interest shall be effective as of the date provided in Section 6.4 hereof following the date upon which the requirements of Sections 7.1, 7.2 and 7.3 hereof (as the case may be) have been met. The Managers shall provide the Members with written notice of such transfer as promptly as possible after the requirements of such sections have been met. Any transferee of a Membership Interest shall take subject to the restrictions on transfer imposed by this Agreement.

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

7.7 No Effect to Transfers in Violation of Agreement. Upon any transfer of a Membership Interest in violation of this Article VII, the transferee shall have no right to vote or participate in the management of the business, property and affairs of the Company or to exercise any rights of a Member. Such transferee shall only be entitled to become an Assignee and thereafter shall only receive the share of one or more of the Company's Net Profits, Net Losses and distributions of the Company's assets to which the transferor of such Economic Interest would otherwise be entitled. Notwithstanding the immediately preceding sentences, if, in the determination of the Manager, a transfer in violation of this Article VII would cause the tax termination of the Company under Code Section 708(b)(1)(B), the transfer shall be null and void and the purported transferee shall not become either a Member or an Assignee.

Upon and contemporaneously with any transfer (whether arising out of an attempted charge upon that Member's Economic Interest by judicial process, a foreclosure by a creditor of the Member or otherwise) of a Member's Economic Interest (other than in accordance with Section 7.4 hereof) which does not at the same time transfer the balance of the rights associated with the Membership Interest transferred by the Member (including, without limitation, the rights of the Member to vote or participate in the management of the business, property and affairs of the Company), unless the transferring Member elects to retain his remaining rights and interests in the Company, the Company shall purchase from the Member, and the Member shall sell to Company for a purchase price of \$100.00, all such remaining rights and interests that

immediately before the transfer were associated with the transferred Economic Interest. Such purchase and sale shall not, however, result in the release of the Member from any liability to the Company as a Member. Each Member acknowledges and agrees that the right of the Company to purchase such remaining rights and interests from a Member who transfers a Membership Interest in violation of this Article VII is not unreasonable under the circumstances existing as of the date hereof.

7.8 Right of First Negotiation. If any Member desires to transfer all or any part of his or its Membership Interest other than pursuant to Section 7.4 hereof, such Member shall notify the Company and the other Members in writing of such desire and, for a period of thirty (30) days thereafter, the Members and the Company shall negotiate with respect to the purchase of such Member's Membership Interest. During such period, the Member desiring to transfer such Membership Interest may not solicit a transferee for such Membership Interest.

7.9 Right of First Refusal. If the period described in Section 7.8 hereof expires without an agreement being reached as to the purchase of the Membership Interest referred to therein, the Member desiring to transfer his or its Membership Interest may solicit transferees. In such event, each time a Member proposes to transfer all or any part of such Member's Membership Interest (or as required by operation of law or other involuntary transfer to do so), other than pursuant to Section 7.4 hereof, such Member shall first offer such Membership Interest to the Company and the non-transferring Members in accordance with the following provisions:

A. Such Member shall deliver a written notice ("Option Notice") to the Company and the other Members stating (i) such Member's bona fide intention to transfer such Membership Interest, (ii) the Membership Interest to be transferred, (iii) the purchase price and terms of payment for which the Member proposes to transfer such Membership Interest, and (iv) the name and address of the proposed transferee.

B. Within thirty (30) days after receipt of the Option Notice, the Company shall have the right, but not the obligation, to elect to purchase all or any part of the Membership Interest upon the price and terms of payment designated in the Option Notice. If the Option Notice provides for the payment of non-cash consideration, the Company may elect to pay the consideration in cash equal to the good faith estimate of the present fair market value of the non-cash consideration offered as determined by the Managers and approved by a Majority Interest (or a majority of the aggregate Percentage Interests of the non-transferring Members or Managers). If the Company exercises such right within such thirty (30) day period, the Managers shall give written notice of that fact to the transferring and non-transferring Members.

C. If the Company fails to elect to purchase the entire Membership Interest proposed to be transferred within the thirty (30) day period described in Section 7.9B hereof, the non-transferring Members shall have the right, but not the obligation, to elect to purchase any remaining share of such Membership Interest upon the price and terms of payment designated in the Option Notice. If the Option Notice provides for the payment of non-cash consideration, such purchasing Members each may elect to pay the consideration in cash equal to the good faith estimate of the present fair market value of the non-cash consideration offered as determined by

the Managers and approved by a Majority Interest (or a majority of the aggregate Percentage Interests of the non-transferring Members and Managers). Within sixty (60) days after receipt of the Option Notice, each non-transferring Member shall notify the Managers in writing of such non-transferring Member's desire to purchase a portion of the Membership Interest proposed to be so transferred. The failure of any Member to submit a notice within the applicable period shall constitute an election on the part of that Member not to purchase any of the Membership Interest which may be so transferred. Each Member so electing to purchase shall be entitled to purchase a portion of such Membership Interest in the same proportion that the Percentage Interest of such Member bears to the aggregate of the Percentage Interests of all of the Members electing to so purchase the Membership Interest being transferred. In the event any Member elects to purchase none or less than all of such Member's pro rata share of such Membership Interest, then the other Members can elect to purchase more than their pro rata share.

D. If the Company and the other Members elect to purchase or obtain any or all of the Membership Interest designated in the Option Notice, then the closing of such purchase shall occur within ninety (90) days after receipt of such notice and the transferring Member, the Company and/or the other Members shall execute such documents and instruments and make such deliveries as may be reasonably required to consummate such purchase.

E. If the Company and the other Members elect not to purchase or obtain, or default in their obligation to purchase or obtain, all of the Membership Interest designated in the Option Notice, then the transferring Member may transfer to the proposed transferee the portion of the Membership Interest described in the Option Notice not so purchased, provided such transfer: (v) is completed within thirty (30) days after the expiration of the Company's and the other Members' right to purchase such Membership Interest; (vi) is made on terms no less favorable to the transferring Member than as designated in the Option Notice; (vii) complies with Sections 7.1, 7.2 and 7.3 hereof relating to consent of the Managers and Members; and (iv) complies with applicable securities and tax requirements; it being acknowledged by the Members that compliance with Sections 7.8 and 7.9A through D hereof does not modify any of the transfer restrictions in Article VII hereof or otherwise entitle a Member to transfer his or her Membership Interest other than in the manner prescribed by this Article VII. If such Membership Interest is not so transferred, the transferring Member must give notice in accordance with this Section prior to any other or subsequent transfer of such Membership Interest.

ARTICLE VIII

CONSEQUENCES OF DISSOLUTION EVENTS AND TERMINATION OF MEMBERSHIP INTEREST

8.1 Dissolution Event. Upon the occurrence of a Dissolution Event, the Company shall dissolve.

8.2 Withdrawal. Upon the withdrawal by a Member in accordance with Section 4.4 hereof, such Member shall be treated as a Former Member, and, unless the Company is to dissolve, the Company and/or the Remaining Members shall have the right to purchase, and if

such right is exercised, the Former Member shall sell, the Former Member's Interest as provided in this Article VIII.

8.3 Purchase Price. The purchase price for the Former Member's Interest shall be the Capital Account balance of the Former Member as adjusted pursuant to Section 3.3 hereof; provided, however, that if the Former Member, such Former Member's legal representative or the Company, deems the Capital Account balance to vary from the fair market value of the Former Member's Interest by more than ten percent (10%), such party shall be entitled to require an appraisal by providing notice of the request for appraisal within thirty (30) days after the determination of the Remaining Members to continue the business of the Company. In such event, the value of the Former Member's Interest shall be determined by three (3) independent appraisers, one (1) selected by the Former Member or such Former Member's legal representative, one selected by the Company, and one (1) selected by the two (2) appraisers so named. The fair market value of the Former Member's Interest shall be the average of the two (2) appraisals closest in amount to each other. In the event the fair market value is determined to vary from the Capital Account balance by less than ten percent (10%), the party requesting such appraisal shall pay all expenses of all the appraisals incurred by the party offering to enter into the transaction at the Capital Account valuation. In all other events, the party requesting the appraisal shall pay one-half of such expense and the other party shall pay one-half of such expense.

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

8.5 Election to Purchase Less Than All of the Former Member's Interest. If any Remaining Member elects to purchase none or less than all of such Member's pro rata share of the Former Member's Interest, then the Remaining Members may elect to purchase more than their pro rata share. If the Remaining Members fail to purchase the entire Interest of the Former Member, the Company shall purchase any remaining share of the Former Member's Interest. If the Remaining Members and the Company do not elect to purchase all of the Former Member's Interest, such Interest shall be that of an Economic Interest only.

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

A. The Company or the Remaining Members shall at the closing pay in cash the total purchase price for the Former Member's Interest; or

B. The Company or the Remaining Members shall pay at the closing one-fifth (1/5) of the purchase price and the balance of the purchase price shall be paid in four equal annual principal installments, plus accrued interest at the rate of eight percent (8%) per annum, and be payable each year on the anniversary date of the closing. The unpaid principal balance shall accrue interest at the current applicable federal rate as provided in the Code for the month in which the initial payment is made, but the Company and the Remaining Members shall have the right to prepay in full or in part at any time without penalty. The obligation of each purchasing Remaining Member, and the Company, as applicable, to pay its portion of the balance due shall be evidenced by a separate promissory note executed by the respective purchasing Remaining Member or the Company, as applicable. Each such promissory note shall be in an original principal amount equal to the portion owed by the respective purchasing Remaining Member or the Company, as applicable. The promissory note executed by each purchasing Remaining Member shall be secured by a pledge of that portion of the Former Member's Interest purchased by such Remaining Member.

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

8.8 Purchase Terms Varied by Agreement. Nothing contained herein is intended to prohibit Members from agreeing upon other terms and conditions for the purchase by the Company or any Member of the Membership Interest of any Member in the Company desiring to retire, withdraw or resign, in whole or in part, as a Member.

ARTICLE IX

ACCOUNTING, RECORDS, REPORTING BY MEMBERS

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

A. A current list of the full name and last known business or residence address of each Member and Assignee set forth in alphabetical order, together with the Capital Contributions, Capital Account and Percentage Interest of each Member and Assignee;

B. A current list of the full name and business or residence address of each Manager;

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

D. Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

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

F. Copies of the financial statements of the Company, if any, for the six (6) most recent Fiscal Years; and

G. The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four (4) Fiscal Years.

9.2 Delivery to Members and Inspection.

A. Upon the request of any Member or Assignee for purposes reasonably related to the interest of that Person as a Member or Assignee, the Managers shall promptly deliver to the requesting Member or Assignee, at the expense of the Company, a copy of the information required to be maintained under Sections 9.1 A, B and D hereof, and a copy of this Agreement.

B. Each Member, Manager and Assignee has the right, upon reasonable request for purposes reasonably related to the interest of the Person as Member, Manager or Assignee, to:

(i) inspect and copy during normal business hours any of the Company records described in Sections 9.1A through G hereof; and

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

C. Any request, inspection or copying by a Member or Assignee under this Section 9.2 may be made by that Person or that Person's agent or attorney.

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

9.3 Annual Statements.

A. Renaissance shall cause to be prepared at least annually, at Company expense, information necessary for the preparation of the Members' and Assignees' federal and state income tax returns. Renaissance shall send or cause to be sent to each Member or Assignee within ninety (90) days after the end of each taxable year such information as is necessary to complete federal and state income tax or information returns, and, if the Company has thirty-five (35) or fewer Members, a copy of the Company's federal, state, and local income tax or information returns for that year.

B. Renaissance shall cause to be filed at least annually with the California Secretary of State the statement required under California Corporations Code Section 17060.

9.4 Financial and Other Information. Renaissance shall provide such financial and other information relating to the Company or any other Person in which the Company owns, directly or indirectly, an equity interest, as a Member may reasonably request. Renaissance shall distribute to the Members, promptly after the preparation or receipt thereof, any financial or other information relating to any Person in which the Company owns, directly or indirectly, an equity interest, including any filings by such Person under the Securities Exchange Act of 1934, as amended, that is received by the Company with respect to any equity interest of the Company in such Person.

9.5 Filings. Renaissance, at the Company's expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities and shall also cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Articles and all reports required to be filed by the Company with those entities under the Act or other then current applicable laws, rules, and regulations. If a Manager required by the Act to execute or file any document fails, after demand, to do so within a reasonable period of time or refuses to do so, any other Manager or Member may prepare, execute and file that document with the California Secretary of State.

9.6 Bank Accounts. The Managers shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person. Renaissance shall be the sole signatory on all such accounts.

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

9.8 Tax Matters for the Company Handled by Managers and Tax Matters Partner. The Managers shall from time to time cause the Company to make such tax elections as he deems to be in the best interests of the Company and the Members. The Tax Matters Partner shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative

proceedings, and shall expend the Company funds for professional services and costs associated therewith. The Tax Matters Partner shall oversee the Company tax affairs in the overall best interests of the Company but shall not have the right to agree to extend any statute of limitations without the approval of a Majority Interest. If for any reason the Tax Matters Partner can no longer serve in that capacity or ceases to be a Member or Manager, as the case may be, a Majority Interest may designate another Tax Matters Partner.

ARTICLE X

DISSOLUTION AND WINDING UP

10.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the occurrence of a Dissolution Event.

10.2 Certificate of Dissolution. As soon as possible following the occurrence of any of the events specified in Section 10.1 hereof, a Manager (if such Manager has not wrongfully dissolved the Company) or the non-defaulting Members shall execute a Certificate of Dissolution in such form as shall be prescribed by the California Secretary of State and file the Certificate as required by the Act.

10.3 Winding Up. Upon the occurrence of any event specified in Section 10.1 hereof, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Managers or the non-defaulting Members, as the case may be, shall be responsible for overseeing the winding up and liquidation of Company, shall take full account of the liabilities of Company and assets, shall either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 10.5 hereof. The Persons winding up the affairs of the Company shall give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear on the records of the Company. The Managers or Members winding up the affairs of the Company shall be entitled to reasonable compensation for such services.

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

10.5 Order of Payment Upon Dissolution.

A. After determining that all the known debts and liabilities of the Company, including, without limitation, debts and liabilities to Members who are creditors of the Company, have been paid or adequately provided for, the remaining assets shall be distributed to the Members in the following order of priority: (i) first, to the Members in satisfaction for distributions under Sections 17201, 17202 or 17255 of the Corporations Code; (ii) second, to the Members, pro rata, to the extent their Capital Contributions have not been previously repaid; and (iii) thereafter, to the Members in the proportions in which they share in the Distributable Cash of the Company.

B. The payment of a debt or liability, whether the whereabouts of the creditor is known or unknown, has been adequately provided for if the payment has been provided for by either of the following means:

(i) Payment thereof has been assumed or guaranteed in good faith by one or more financially responsible persons or by the United States government or any agency thereof, and the provision, including the financial responsibility of the Person, was determined in good faith and with reasonable care by the Members or Managers to be adequate at the time of any distribution of the assets pursuant to this Section.

(ii) The amount of the debt or liability has been deposited as provided in Section 2008 of the Corporations Code.

This Section 10.5B shall not prescribe the exclusive means of making adequate provision for debts and liabilities.

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

10.7 Certificate of Cancellation. The Managers or Members who filed the Certificate of Dissolution shall cause to be filed in the office of, and on a form prescribed by, the California Secretary of State, a Certificate of Cancellation of the Articles upon the completion of the winding up of the affairs of the Company.

10.8 No Action for Dissolution. Except as expressly permitted in this Agreement, a Member shall not take any voluntary action that directly causes a Dissolution Event. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1 hereof. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Economic Interests. Accordingly, except where the Managers or the non-defaulting

Members have failed to liquidate the Company as required by this Article X, each Member hereby waives and renounces his or its right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company on the ground that (a) it is not reasonably practicable to carry on the business of the Company in conformity with the Articles or this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member. Damages for breach of this Section 10.8 shall be monetary damages only (and not specific performance), and the damages may be offset against distributions by the Company to which such Member would otherwise be entitled.

ARTICLE XI

INDEMNIFICATION AND INSURANCE

11.1 Indemnification of Agents. In addition to the mandatory indemnification under Section 5.8 hereof, the Company may indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was an officer, employee or other agent of the Company or that, being or having been such an officer, employee or agent, he or she is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to hereinafter as an "agent"), to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit. The Managers shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Managers deem appropriate in his business judgment.

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

ARTICLE XII

MANDATORY ARBITRATION OF DISPUTES

12.1 Disputes Requiring Arbitration. Except for a petition to consolidate arbitration proceedings, as allowed by California Code of Civil Procedure Section 1281.3, no party to this Agreement shall initiate any legal action in the courts arising from or related to this Agreement, including but not limited to the acts or omissions of a Manager or Member (each an "Arbitral Dispute") unless the party or the Company, as the case may be, provides written notification of the dispute (a "Dispute Notice") to the Members and the Company, who shall promptly select an

arbitration panel consisting of three (3) individuals (not affiliated with any Member, Manager or their respective Affiliates) in the manner set forth in Section 12.2 hereof unless the Members and the Company resolve the Arbitral Dispute among themselves within thirty (30) days of the date on which the Dispute Notice is deemed received by the Members and the Company.

12.2 Selection of Arbitrators.

A. The Person(s) seeking a remedy in an Arbitral Dispute (collectively, the "Complaining Party") shall select one arbitrator. If there is more than one Complaining Party and such parties cannot agree upon a single arbitrator within thirty (30) days after it becomes necessary to select an arbitration panel, such arbitrator shall be appointed by the American Arbitration Association according to its own rules.

B. The other Person(s) who are parties but not the Complaining Parties in the Arbitral Dispute (collectively, the "Defending Parties") shall select one arbitrator. If there is more than one Defending Party and such parties cannot agree upon a single arbitrator within thirty (30) days after it becomes necessary to select an arbitration panel, such arbitrator shall be appointed by the American Arbitration Association according to its own rules.

C. Within ten (10) days of their selection, the two arbitrators selected by the parties shall select a third arbitrator to complete the three person panel and to serve as the presiding arbitrator and provide notice to all Members and the Company. If either the Complaining Party or the Defending Party fails to timely select an arbitrator, an arbitrator shall be appointed for such party by the American Arbitration Association according to its own rules.

D. In lieu of appointing a three-person panel, the parties may agree to use one mutually acceptable arbitrator.

12.3 Rules for Arbitration.

A. Arbitration of any Arbitral Dispute shall occur in Los Angeles, California at a place and time selected by a majority vote of the arbitrators. Such hearings shall commence no sooner than ten (10) days after receipt of notice of the selection of the third arbitrator at a place within Los Angeles, California selected by the arbitrators.

B. The panel of arbitrators shall hear the Arbitral Dispute in accordance with the rules of the American Arbitration Association, as applied by majority of the arbitrators. At the hearing, any relevant evidence may be presented by any party without application of the formal rules of evidence applicable to judicial proceedings. Evidence submitted by any party may be admitted or excluded in the sole discretion of the arbitrators. In the discretion of and within the limits imposed by the arbitrators, a party may be permitted to pose questions or cross-examine a witness for an opposing party.

12.4 Award. As soon as practicable, the panel of arbitrators shall render their decision with respect to the Arbitral Dispute in writing, with copies to each of the parties, setting forth supporting reasons for its decision and award, and specifying the amount of attorneys' fees and

costs to be borne by the parties, it being the express intention of the parties to this Agreement that the prevailing party(ies) in the Arbitral Dispute, as determined by a majority of the panel of arbitrators, shall be entitled to recover from the losing party(ies) its reasonable attorneys' fees and other expenses incurred. Any such award by the arbitration panel shall be deemed conclusive. If there are three arbitrators, the decision of any two shall be binding. If no two arbitrators in a three-person panel are able to reach a decision, the entire panel of arbitrators shall resign and the parties shall appoint a new panel under the selection procedure set forth in this Article XII and the process shall be repeated until a decision is rendered by at least two of the arbitrators.

12.5 Applicable Law. The panel of arbitrators in an Arbitral Dispute shall treat all questions concerning the validity, interpretation, performance, termination or breach of this Agreement, as well as any other matters with respect to such dispute, as governed by and to be decided in accordance with the laws of the State of California, not including laws and principles relating to conflicts of laws.

12.6 Court Enforcement of Arbitration Award. The decision of the arbitrators and any award thereof (including attorneys' fees and costs) shall be binding on all Members and the Company and may be confirmed by the judgment of a court of competent jurisdiction.

ARTICLE XIII

INVESTMENT REPRESENTATIONS

Each Member hereby represents and warrants to, and agrees with, the Managers and the Company as follows:

13.1 Pre-Existing Relationship or Experience. By reason of its business or financial experience, or by reason of the business or financial experience of his financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company, such Member is capable of evaluating the risks and merits of an investment in the Company and of protecting its own interests in connection with such investment.

13.2 No Advertising. It has not seen, received, been presented with, or been solicited by any leaflet, public promotional meeting, newspaper or magazine article or advertisement, radio or television advertisement, or any other form of advertising or general solicitation with respect to the purchase and sale of its Membership Interest.

13.3 Investment Intent. Such Member is acquiring its Membership Interest for investment purposes for its account only and not with a view to or for sale in connection with any distribution of all or any part of the Membership Interests. No other person will have any direct or indirect beneficial interest in or right to the Membership Interest.

13.4 No Registration of Membership Interest. It acknowledges that the Membership Interest has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or qualified under the California Corporate Securities Law of 1968, as amended (the

"California Corporate Securities Law") or any other state securities law in reliance, in part, on the representations and warranties and agreements contained herein.

13.5 Membership Interest is Restricted Security. It understands that the Membership Interest is a "restricted security" under the Securities Act and that the Membership Interest may be resold without registration under the Securities Act only in certain limited circumstances and that otherwise the Membership Interest must be held indefinitely. In this connection, each Member understands the resale limitations imposed by the Securities Act and is familiar with SEC Rule 144, as presently in effect and the conditions which must be met in order for that Rule to be available for resale of restricted securities, including the requirements that the securities must be held for a least two years after purchase from the Company prior to resale (three years in the absence of publicly available information about the Company) and the condition that there be available to the public current information about the Company under certain circumstances. Each Member further understands that the Company has not made such information publicly available and has no current plans to do so.

13.6 No Obligation to Register. Each Member represents, warrants and agrees that the Company and the Managers are under no obligation to register or qualify the Membership Interest under the Securities Act or under any state securities law, or to assist any Member in complying with any exemption from registration or qualification.

13.7 No Disposition in Violation of Law. Without limiting the foregoing, each Member will not make any disposition of all or part of its Membership Interest which will result in the violation by such Member or by the Company of the Securities Act, the California Corporate Securities Law, or any other applicable federal or state securities laws.

13.8 Investment Risk. Each Member acknowledges that its Membership Interest is a highly speculative investment which involves a substantial degree of risk of loss by it of its entire investment in the Company, that it is financially able to bear the economic risk of such investment in the Company, including the risk of the total loss of such investment, that it understands and takes full cognizance of the risk factors related to the purchase of the Membership Interest and that the Company is newly organized, has no financial or operating history, and limited financial assets and resources. Without limiting the foregoing, each Member acknowledges that there can be no assurance that the Company can obtain the permanent financing necessary to replace the Project Loans on terms favorable to the Company and, therefore, to its Members.

13.9 Investment Experience. Each Member is an experienced investor in unregistered or restricted securities and is an "accredited investor" under federal securities law and the California Corporate Securities Law.

13.10 Restrictions on Transferability. Each Member acknowledges that there are substantial restrictions on the transferability of the Membership Interest pursuant to this Agreement, that there is no public market for the Membership Interests and that none is expected to develop and that, accordingly, it may not be possible for such Member to liquidate its investment in the Company.

13.11 Information Reviewed. Each Member has received and reviewed all information it considers necessary or appropriate in deciding whether or not to purchase the Membership Interest, including this Agreement and the Exhibits hereto. Each Member has had ample opportunity to ask questions and receive answers from the Managers regarding the Property, the Project, the terms and conditions of the Project Loans and purchase of a Membership Interest in the Company, the financial affairs, business and all other aspects of the Company, and also has had the opportunity to obtain all information (to the extent in the company's possession or obtainable by it without unreasonable effort or expense) which such Member deems necessary to evaluate the investment and to verify the accuracy of the information provide to it.

13.12 No Representations by Company. Neither the Company, the Managers, nor any of their respective officers or Affiliates or any agent thereof, or any other Person, has at any time expressly or implicitly represented, guaranteed or warranted to any Member that: (i) it may freely transfer the Membership Interest; (ii) that any percentage or amount of profit will be realized as a result of an investment in the Company; (iii) that any minimum cash distributions from Company operations or otherwise will be made to the Members by any specific date or will be made at all; or (iv) that any specific tax benefits will accrue as a result of an investment in the Company. Each of the Members hereby acknowledges that an investment in the Company is highly speculative, involves a high degree of risk of loss, and that there can be no assurance that the Company will realize profits in any amount or at all or that there will be cash available for distribution.

13.13 Tax Consequences. Each of the Members acknowledges that the tax consequences of an investment in the Company will depend on each Member's particular circumstances and that neither the Company nor the Manager, nor any Affiliate or agent thereof will be responsible or liable for the tax consequences to any Member arising form an investment in the Company. Each Member shall look solely to, and rely on, its own advisers with respect to any such tax consequences of this investment.

ARTICLE XIV

MISCELLANEOUS

14.1 Counsel to the Company. Each of the Members of the Company hereby acknowledges that: (i) Hunt, Ortmann, Blasco, Palffy & Rossell ("Company Counsel") has served and will continue to serve as counsel to the Southland and its Affiliates (including Michael L. Keele); (ii) Company Counsel does not represent any Member other than Southland (and/or Michael L. Keele) and shall owe no duties directly to any Member other than Southland and its Affiliates; (iii) Company Counsel has not independently investigated or verified the accuracy or completeness of any projections or other materials relating to the business of the Company (including the Property and the Project) or the financing required for the acquisition of the Property, the development of the Project and the operation of the Company, including any financial statements provided by the Company or any guarantor in connection with any of the Project Loans.

Without limiting the foregoing, each of the Members hereby acknowledges that Company Counsel has had only limited involvement in this transaction. Specifically, although Company Counsel has prepared this Agreement and assisted the Company in acquiring the Property and negotiating documents related to the Construction Loan and the Participating Loan, Company Counsel has neither prepared nor reviewed any projections, offering literature, or other materials and written information that any of the Project Lenders or the Members of the Company may have requested or received. Company Counsel is not serving as counsel to the Company in connection with any offering of membership interests. Each Member hereby releases Company Counsel and each of its principals and employees, to the maximum extent permitted by law, from any and all claims, costs, damages, and liabilities arising from any claim that Company Counsel violated or owed any duty to the Company, or such Member arising from or related to any offering of membership interests to such Member.

In the event any dispute or controversy arises between any of the Members, each Member agrees that Company Counsel may represent Southland and its Affiliates (including Michael L. Keele) in any such dispute or controversy and hereby consents to such representation, as well as to the continued representation of Southland by Company Counsel on matters not involving the Company. Each of the Members has been advised by Company Counsel to retain independent legal counsel and other qualified professionals to represent such Member in connection with the review, negotiation and execution of this Agreement and the evaluation of all materials in determining whether to purchase a Membership Interest in the Company, and has sought the advice of such independent counsel and other professionals. Further, each of the Members hereby confirms that it has initially selected Company Counsel as counsel for the Company.

14.2 Complete Agreement. This Agreement and the Articles constitute the complete and exclusive statement of agreement among the Members and Managers with respect to the subject matter herein and therein and replace and supersede all prior written and oral agreements or statements by and among the Members and Managers or any of them. No representation, statement, condition or warranty not contained in this Agreement or the Articles will be binding on the Members or Managers or have any force or effect whatsoever. To the extent that any provision of the Articles conflict with any provision of this Agreement, the Articles shall control.

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

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

14.5 Pronouns; Statutory References. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Regulations, the Act, the Corporations

Code or other statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

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

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

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

14.9 Jurisdiction. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in California in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement, provided such claim is not required to be arbitrated pursuant to Article XII hereof. Each Member further agrees that personal jurisdiction over it may be effected by service of process by registered or certified mail addressed as provided in Section 14.13 hereof, and that when so made shall be as if served upon it personally within the State of California.

14.10 Exhibits. All Exhibits attached to this Agreement are incorporated and shall be treated as if set forth herein.

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

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

14.13 Notices. Any notice to be given or to be served upon the Company or any party hereto in connection with this Agreement must be in writing (which may include facsimile) and will be deemed to have been given and received (i) on the next business day if delivered to a recognized overnight courier service for next day delivery to the Member at the address set forth in Exhibit A hereto; or (ii) on two business days after being sent to the Member at the address set forth in Exhibit A hereto by registered or certified mail, postage prepaid. Any party may, at any time by giving five (5) days' prior written notice to the other parties, designate any other address in substitution of the foregoing address to which such notice will be given.

14.14 Amendments. All amendments to this Agreement shall be effective if in a writing and signed by a Majority Interest. In the absence of any opinion of counsel as to the effect thereof, no amendment to this Agreement or the Articles shall be made which violates the Act or is likely to cause the Company to be taxed as a corporation.

14.15 Reliance on Authority of Person Signing Agreement. Neither the Company nor any Member will (i) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual or (ii) be responsible for the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such entity.

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

14.17 Attorneys' Fees. In the event that any dispute between the Company and the Members or among the Members results in litigation or arbitration, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment and an award of prejudgment interest from the date of the breach at the maximum rate of interest allowed by law. For the purposes of this Section 14.17: (i) attorneys' fees shall include, without limitation, fees incurred in the following: (1) postjudgment motions, (2) contempt proceedings, (3) garnishment, levy, and debtor and third party examinations, (4) discovery, and (5) bankruptcy litigation; and (ii) "prevailing party" shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

14.18 Time is of the Essence. All dates and times in this Agreement are of the essence.

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

14.20 Joint Venture/ Partnership. Nothing in this Agreement and no activities undertaken by the parties pursuant to the Agreement or the contemplated transactions shall cause the parties to be partners or joint ventures or otherwise liable to other persons for the acts of each other.

14.21 Mistake. In entering into this Agreement, each party assumes the risk of any mistake. If any party should subsequently discover that any fact relied upon by it in entering into this Agreement was untrue or that its understanding of the facts or the law was incorrect, such party shall not be entitled to relief in connection herewith and including, without limitation, on the generality of the foregoing, no party shall have any right or claim to set aside, reform, or

rescind this Agreement. This Agreement is intended to be and is final and binding between the parties hereto regardless of any claims of mistake of fact or law or any other circumstance whatsoever.

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

14.23 Alter Ego. The parties hereby knowingly waive their right to any claim that they may have arising out of the operations of the Company in the past, present or future, to assert that any member, manager, guarantor, parent, subsidiary, affiliate, shareholder, partner, officer, agent, trustee, representative, employee, or any other person related to the Company, is the alter ego of the Company for any purpose.

[Signatures on Next Page]

IN WITNESS WHEREOF, all of the Members of the Company have executed this Agreement, effective as of the date written above.

MEMBERS:

SOUTHLAND LAND CORPORATION,
a California corporation

By: _____
Michael L. Keele, President

RENAISSANCE HOLDINGS, INC.,
a California corporation

By: _____
Adam C. Hall, President

UVH, LLC,
a California limited liability company

By: _____
_____, its Managing Member

JAROSLAV MARIK

JOSEF ROSENTHAL

EXHIBIT A
CAPITAL CONTRIBUTIONS OF MEMBERS AND
ADDRESSES OF MEMBERS AND MANAGERS
AS OF APRIL __, 2004

<u>Manager's Name</u>	<u>Manager's Address</u>	<u>Manager's Capital Contribution</u>	<u>Manager's Percentage Interest</u>
Southland Land Corporation, a California corporation	101 West Mission Boulevard, Suite 222 Pomona, California 91766	- 0 -	___%
Renaissance Holdings, Inc., a California corporation	233 Wilshire Boulevard Suite 800 Santa Monica, CA 90401	- 0 -	___%

<u>Member's Name</u>	<u>Member's Address</u>	<u>Member's Capital Contribution</u>	<u>Member's Percentage Interest</u>
Southland Land Corporation, a California corporation	101 West Mission Boulevard, Suite 222 Pomona, California 91766	\$ _____	___%
Josef Rosenthal	_____, California 9____	\$ _____	___%
Jaroslav Marik	_____	\$ _____	___%
Renaissance Holdings, Inc.	233 Wilshire Boulevard Suite 800 Santa Monica, CA 90401	\$ _____	___%
UVH, LLC, a California limited liability company	_____, California 9____		___%
TOTAL		\$ _____	100.00%

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