EXHIBIT 1.1  
  
 DISTRIBUTION AGREEMENT  
  
 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 1996  
  
Between:  
  
FEDERAL MORTGAGE MANAGEMENT II, INC.  
0000 Xxxxxx Xxxxxx, Xxxxx 000  
Xxxxxxxx, Xxxxxxx 00000  
  
and  
  
EXECUTIVE WEALTH MANAGEMENT SERVICES, INC.  
0000 Xxxxxxxx Xxxxx Xxxx  
Xxxxxxxx, Xxxxxxx 00000  
  
Gentlemen:  
  
 FEDERAL MORTGAGE MANAGEMENT II, INC. (herein the "Company") is a Florida  
corporation having its principal place of business in Sarasota, Florida. The  
Company has or is expected to soon file with the United States Securities and  
Exchange Commission its Registration Statement on Form SB-2 covering what has  
been designated by the Company as its Promissory Notes, Series 1996A-I, II and  
III to be offered pursuant to such Registration Statement and Prospectus  
contained therein to the public in aggregate principal amount of $5 million. As  
used in this Agreement, such Promissory Notes Series 1996A are referred to as  
the "Notes". As used in this Agreement, the term "Registration Statement"  
includes the entire Registration Statement and the Prospectus which contains the  
offer of the Notes intended to be made by the Company to the public. The Note  
Series are being offered to the public with the following maturities and  
allocated principal amounts, which principal amounts are not subject to  
alteration by way of increase or decrease from one maturity to another maturity:  
  
 PRINCIPAL AMOUNT ANNUAL  
 SERIES AVAILABLE MATURITY NOTE RATE  
----------- --------- -------- ---------  
1996 A-I $ 500,000 \_\_\_\_\_\_\_\_\_, 2000 8.00%  
1996 A-II 1,000,000 \_\_\_\_\_\_\_\_\_, 2001 9.00%  
1996 A-III 3,500,000 \_\_\_\_\_\_\_\_\_, 2002 10.00%  
  
The Registration Statement has also been duly filed in the State of Florida  
pursuant to the Florida Securities and Investor Protection Act. Such  
Registration Statement may also be filed in other states in order to effect the  
qualification of the Notes for public offer in such states. The Company desires  
to appoint EXECUTIVE WEALTH MANAGEMENT SERVICES, INC. of Sarasota, Florida as  
its exclusive distribution agent with respect to the public offer and sale of  
the Notes in Florida and in such other states where the Notes may be qualified  
for offer and sale to the public. Accordingly, the Company hereby appoints  
EXECUTIVE WEALTH MANAGEMENT SERVICES, INC., a duly registered securities  
broker-dealer under the Securities Exchange Act of 1934, as amended, and  
applicable state law, and a member of the National Association of Securities  
Dealers, Inc. (the "NASD"), as the Company's exclusive Distri-  
  
  
  
bution Agent (the "Agent") with respect to the best efforts offer and sale of  
the Notes as described and in accordance with the terms of this Agreement and  
the Registration Statement covering such Notes.  
  
 Therefore, the parties hereby agree as follows:  
  
 1. APPOINTMENT AND SOLICITATION. Upon the terms contained herein, the  
Agent is appointed as the exclusive Distribution Agent to solicit written  
Subscriptions of suitable investors to subscribe to the Notes and thereby become  
holders thereof upon Subscription acceptance by the Company. It is the intention  
of the Company to accept Subscriptions in the form included with the  
Registration Statement from qualified investors who meet the suitability  
standards set forth in the Registration Statement. The foregoing intention  
notwithstanding, the Company has reserved the right to refuse any Subscriptions  
for Notes for any reason, to reduce Subscriptions to an amount less than  
otherwise subscribed for, and to terminate the offering at any time. The  
privilege of soliciting Subscriptions for the Notes is extended to the Agent  
only if the Notes may be lawfully offered and sold in states in which the Agent,  
or any appointed Selected Dealer, is a registered securities broker-dealer or is  
exempt from registration. The Agent also understands and agrees that such  
Subscription activity may only occur in those states with respect to which such  
subscription authority may be lawfully conducted.  
  
 2. TRANSMITTAL OF SUBSCRIPTION AND PROCEEDS. The Company and the Agent  
acknowledge that, in accordance with the terms of the Note offering as set forth  
in the Registration Statement, the Company is required to sell a minimum  
principal amount of Notes of $1,500,000 (of any maturity or combination thereof)  
on or before midnight [\_\_\_\_\_\_\_\_\_\_\_\_\_], 1997 in order for the Note offering to  
continue until the entire $5 million principal of Notes are sold or the offering  
is earlier terminated and that pending the accumulation of Note Subscription  
proceeds in the amount of $1,500,000 or more, all Note Subscription proceeds  
will be held and accumulated pursuant to escrow arrangements established by an  
Escrow Agreement existing between the Company, the Agent and SouthTrust Asset  
Management Company of Florida, Sarasota, Florida (herein the "Escrow Agent"). In  
accordance with the terms of the Note offering as set forth in the Registration  
Statement, the Agent shall transmit promptly (not later than noon of the next  
business day following receipt), and only to such Escrow Agent, all funds  
received from the subscribers to Notes in the public offering (without deduction  
for any commission or concession) in compliance with Rule 15c2-4 as promulgated  
by the United States Securities and Exchange Commission under the Securities  
Exchange Act of 1934, and a confirmation or record of each Note sale shall also  
accompany such funds, which confirmation or record (which may be in the form of  
the Subscription Agreement to Notes) shall set forth the name, residential  
address and social security number of each individual Note purchaser, the number  
of Notes purchased and instructions with respect to the issuance of the  
certificates to evidence the ownership of Notes. The Agent acknowledges that the  
Company may refuse Note subscriptions for the reasons stated above and that in  
such event, the Escrow Agent shall return to the Note purchaser all funds paid  
by the Note purchaser which have been received by the Escrow Agent, together  
with interest thereon as provided in the Registration Statement.  
  
 3. COMPENSATION. For its services rendered pursuant to this Agreement, the  
Agent will be paid selling commissions ranging from 3% to 7.5%, depending upon  
the particular maturity of Series 1993A Notes sold as set forth below:  
  
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 SERIES AND NOTE MATURITY SELLING COMMISSION  
 ------------------------ ------------------  
 1996A-I - \_\_\_\_\_\_\_\_, 2000 3.0%  
 1996A-II - \_\_\_\_\_\_\_\_, 2001 4.5%  
 1996A-III - \_\_\_\_\_\_\_\_, 2002 7.0%  
  
Additionally, the Agent shall be entitled to receive a 3% Note offering  
management fee to be charged against gross Note offering proceeds on and  
subsequent to the time that the minimum accumulation requirement of $1,500,000  
has been successfully attained, as well as a non-accountable expense allowance  
equal to 2% of gross Note offering proceeds. Such commissions and fees shall not  
be paid unless and until the $1,500,000 minimum requirement is successfully  
attained. Thereafter, such commissions and fees may be paid on a weekly basis.  
In connection with the public offering of Notes, the Company shall be solely  
responsible for all expenses incurred by it in connection with such Note  
offering, including, but not limited to, legal and accounting fees, filing fees  
with the United States Securities and Exchange Commission and state securities  
regulatory authorities, printing and engraving costs, filing fees with the  
National Association of Securities Dealers, Inc., transfer agent fees, if any,  
and any miscellaneous fees. The Company shall be solely responsible for the fee  
of Xxxxxxx Xxxxxxxx Securities Corporation, which has acted as qualified  
independent underwriter with respect to the Note offering and in accordance with  
Schedule E to the Bylaws of the National Association of Securities Dealers,  
Inc., as well as the fees of counsel to Xxxxxxx Davidson in connection with its  
activities related to this matter. The Company and the Agent acknowledge that  
certain of those fees and costs have been paid on the Company's behalf by  
Capital Management Group, Inc. ("Capital Management") and Capital Management is  
expected to be reimbursed by the Company on account of such payment.  
  
 4. REPRESENTATIONS AND WARRANTIES OF THE AGENT. The Agent hereby  
represents and warrants to the Company as follows:  
  
 (a) It is a member in good standing of the NASD, and will maintain such  
registration throughout the term of this Agreement. It is also duly registered  
as a securities broker-dealer in accordance with the requirements of the  
Securities Exchange Act of 1934, as amended and the rules and regulations  
promulgated under such act, as well as under the laws of such states, including  
Florida, where its activities hereunder require such registration and it will  
maintain such registrations in good standing during the course of its service as  
Distribution Agent to the Company.  
  
 (b) It will comply with the restrictions, conditions and limitations of  
all applicable laws and regulations including, without limitation, the  
applicable provisions of the Securities Exchange Act of 1934, as amended, and  
the rules and regulations promulgated thereunder, the rules of the NASD, as well  
as applicable state law.  
  
 (c) It will not offer or sell the Notes unless such offer or sale is  
preceded or accompanied by the Prospectus which is included in the Registration  
Statement, together with any amendment or supplement thereto.  
  
 5. COMPLIANCE WITH SCHEDULE E. The Agent and the Company acknowledge that  
  
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because of the affiliation between the Agent and the Company, the fairness of  
the terms of the offering of the Notes and the terms of issuance of the Notes  
with respect to Note maturity and rates of interest are subject to review as to  
fairness by a securities broker-dealer which meets the definition of a qualified  
independent underwriter as that term is defined in Schedule E to the Bylaws of  
the NASD. The Agent and the Company acknowledge that compliance with the  
provisions of Schedule E shall be accomplished prior to the time that the Notes  
are offered to the public pursuant to the Registration Statement. The Agent will  
cooperate in every respect with the Company and Xxxxxxx Xxxxxxxx Securities  
Corporation, the broker-dealer acting as the qualified independent underwriter  
with respect to the Note offering in accomplishing compliance with Schedule E to  
the Bylaws of the NASD. Additionally, the Agent shall comply in every respect  
with the provisions of Section 11 of Schedule E. The Agent shall not effect any  
transaction with respect to the Notes in any discretionary account.  
  
 6. INDEMNIFICATION.  
  
 (a) Subject to the conditions set forth below, the Company agrees to  
indemnify and hold harmless the Agent and each person, if any, who controls the  
Agent, within the meaning of Section 15 of the Act, against any and all loss,  
liability, claim, damage and expense whatsoever (including but not limited to  
any and all expense whatsoever reasonably incurred in investigating, preparing  
or defending against any litigation, commenced or threatened, or any claim  
whatsoever) arising out of or based upon any untrue statement or alleged untrue  
statement of a material fact contained in the Registration Statement (as from  
time to time amended and supplemented), prepared by the Company or based upon  
written information provided by or on behalf of the Company and used in the  
offer of the Notes; or the omission or alleged omission therefrom of a material  
fact required to be stated therein or necessary to make the statements therein  
not misleading; unless such statement or omission was made in reliance upon and  
in conformity with written information furnished to the Company with respect to  
the Agent or by or on behalf of the Agent for use in the Registration Statement  
or any amendment or supplement thereto; or the failure of the Company to comply  
with any of the applicable provisions of the Act or the Rules and Regulations  
thereunder; or any unauthorized verbal or written representations in connection  
with the offering and sale of the Notes made by the Company, or the agents  
(other than by the Agent or its agents, employees or affiliates), employees or  
affiliates of such persons; or any actions, direct or indirect, in connection  
with the offering and sale of the Notes by the Company, or the agents (other  
than by the Agent or its agents, employees or affiliates), employees or  
affiliates of such persons in violation of the Act and rules and regulations  
thereunder.  
  
 If any action is brought against the Agent or a controlling person in  
respect of which indemnity may be sought against the Company pursuant to the  
foregoing paragraph, the Agent shall promptly notify the Company in writing of  
the institution of such action, and the Company shall assume the defense of such  
action, including the employment of counsel to be chosen by the Company to be  
reasonably satisfactory to the Agent or such controlling persons. The Agent or  
such controlling person shall have the right to employ its own counsel in any  
such case, but the fees and expenses of such counsel shall be at the Agent's  
expense or the expense of such controlling person, unless the employment of such  
counsel shall have been authorized in writing by the Company in connection with  
the defense of such action, or the Company shall not have employed counsel to  
have charge of the defense of such action or such indemnified party  
  
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or parties shall have reasonably concluded that there may be defenses available  
to it or them which are different from or additional to those available to the  
Company (in which case the Company shall not have the right to direct the  
defense of such action on behalf of the indemnified party or parties), in any of  
which events such fees and expenses shall be borne by the Company. Anything in  
this paragraph to the contrary notwithstanding, the Company shall not be liable  
for any settlement of, or any expenses incurred with respect to, any such claim  
or action effected without its written consent, which consent shall not be  
unreasonably withheld. The Company agrees to promptly notify the Agent of the  
commencement of any litigation or proceedings against the Company, or any of its  
officers, directors, employees or agents in connection with the issue and sale  
of the Notes or in connection with the Registration Statement.  
  
 (b) The Agent agrees to indemnify and hold harmless the Company and  
each person, if any, who controls the Company within the meaning of Section 15  
of the Act, to the same extent as the foregoing indemnity from the Company to  
the Agent; but only with respect to statements or omissions, if any, made in the  
Registration Statement or any amendment or supplement thereto in reliance upon,  
and in conformity with, written information furnished to them with respect to  
the Agent by the Agent or on the Agent's behalf expressly for use in such  
Registration Statement or any amendment or supplement thereto. The Agent further  
agrees to indemnify and hold harmless the Company and each person, if any, who  
controls the Company within the meaning of Section 15 of the Act, against any  
and all loss, liability, claim, damage and expense whatsoever (including but not  
limited to any and all expense whatsoever reasonably incurred in investigation,  
preparing or defending against any litigation, commenced or threatened, or any  
claim whatsoever) arising out of or based upon any unauthorized verbal or  
written representations in connection with the offering and sale of the Notes  
made by the Agent, the Agent's agents, employees or affiliates; or any actions,  
direct or indirect, in connection with the offering and sale of the Notes by the  
Agent, the Agent's agents, employees or affiliates in violation of the Act, the  
Rules and Regulations thereunder, or any applicable state securities laws and  
regulations. In the event any action shall be brought against the Company or any  
other person so indemnified based on the Registration Statement or any amendment  
thereof or supplement thereto and in respect of which indemnity may be sought  
against the Agent, the Agent shall have the rights and duties given to the  
Company, and each other person so indemnified shall have the rights and duties  
given to the Agent by the provisions of Subsection (a) above.  
  
 (c) In order to provide for just and equitable contribution in  
circumstances in which the indemnification provided for in Subsections (a) or  
(b) of this Section 6 is for any reason held by a court of competent  
jurisdiction to be unenforceable as to the Company or the Agent, the Company and  
the Agent shall contribute to the aggregate losses, claims, damages and  
liabilities (including any investigation, legal and other expenses incurred in  
connection with, and any amount paid in settlement of, any action, suit or  
proceeding or any claim asserted) to which the Company and the Agent may be  
subject in such proportion so that the Agent is responsible for that portion  
represented by the percentage that the aggregate fees received by the Agent  
pursuant to this Agreement bear to the aggregate price of the Notes, and the  
Company shall be responsible for the balance. No person guilty of fraudulent  
misrepresentation or guilty of misstating or misrepresenting a material fact or  
failing to state a material fact shall be entitled to contribution, as to any  
liability arising from such fraudulent misrepresentation, from any person who  
was not guilty of such fraudulent or other misrepresentation. For purposes of  
this Section 6, each person, if any, who controls the Agent within the meaning  
of the Act shall have the same  
  
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rights to contribution as the Company. Any party entitled to contribution will,  
promptly after receipt of notice of commencement of any action, suit or  
proceeding against such party in respect of which a claim for contribution may  
be made against another party or parties under this Subsection (c), notify such  
party or parties from whom contribution may be sought, but the omission so to  
notify such party or parties shall not relieve the party or parties from whom  
contribution may be sought from any other obligation it or they may have  
hereunder or otherwise than under this Subsection (c).  
  
 (d) Such indemnification by the Company shall extend to any  
Participating Dealer appointed by the Agent to assist in the sale of the Notes,  
which appointment shall occur only by virtue of the Selected Dealer Agreement,  
the form and content of which has been approved by the Company.  
  
 7. TERMINATION. This Agreement may be terminated at any time by either  
party if there shall have occurred any material change in applicable law which,  
in the reasonable judgment of such party, renders it inadvisable to proceed with  
the offering. In any event, this Agreement shall terminate upon completion of  
the offering and the final receipt of all fees.  
  
 8. NOTICES. All notices required or permitted pursuant to this Agreement  
shall be in writing and delivered in person or by registered or certified mail  
with return receipts requested. Such notices shall be sent to the parties'  
respective addresses as set forth herein.  
  
 9. GOVERNING LAW. This Agreement shall be governed by and construed in  
accordance with the laws of the State of Florida.  
  
 The Agent hereby agrees to participate in procuring subscriptions to Notes  
with the foregoing correctly setting forth our understanding and agreement as  
confirmed by execution of a duplicate copy of this letter and returning such  
executed copy to the Company, whereupon this letter shall constitute a binding  
contract.  
  
 FEDERAL MORTGAGE MANAGEMENT II, INC.  
  
 By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 Guy S. Xxxxx Xxxxx, President  
  
 Accepted and agreed as of the date first above written.  
  
 EXECUTIVE WEALTH MANAGEMENT  
 SERVICES, INC.  
  
 By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 Guy S. Xxxxx Xxxxx, President  
  
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