AMENDED AND RESTATED OPERATING AGREEMENT

OF

GOHAUS LLC,
a California limited liability company

THE MEMBERSHIP INTERESTS (AS DEFINED BELOW) HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE INTERESTS HAVE BEEN ISSUED AND SOLD PURSUANT TO AN EXEMPTION FROM THE SECURITIES ACT OF 1933, AS AMENDED AND THE SECURITIES LAWS OF THE VARIOUS STATES. THE INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE MANAGERS (AS DEFINED BELOW), SUCH QUALIFICATION AND REGISTRATION ARE NOT REQUIRED. ANY TRANSFER OF THE INTERESTS IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS AND CONDITIONS WHICH ARE SET FORTH IN THIS OPERATING AGREEMENT.

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THIS AMENDED AND RESTATED OPERATING AGREEMENT (this "**Agreement**") of gohaus LLC, a California limited liability company (the "**Company**") is entered into and effective as of February 1, 2015 (the "**Effective Date**") by and between the Members and Managers (as defined herein) identified on attached Exhibit A, as the same may be amended from time to time, with reference to the following facts:

A. On June 10, 2013, Benjamin Buzali ("**Buzali**") and Misael Tagle ("**Tagle**") caused Articles of Organization to be filed with the California Secretary of State and, pursuant to the Act, formed the Company, which was originally known as "GoFloors LLC."

B. In connection with the formation of the Company, Buzali and Tagle entered into that certain Operating Agreement of the Company dated July 19, 2013 (the "**Original Agreement**"), as the sole Members of the Company, to provide for the governance of the Company.

C. Buzali and Tagle caused an Amendment to Articles of Organization of a Limited Liability Company to be filed with the California Secretary of State to change the name of the Company to "gohaus LLC."

D. As of the Effective Date, the Company is issuing 3,333 Profits Units to Trevor Klein ("**Klein**"), and admitting Klein as a Member of the Company, and the Members desire to amend and restate the Original Agreement in its entirety to reflect the issuance of the Profit Units and the admission of Klein, and to delineate their rights and liabilities as Members, to provide for the Company's management, and to provide for certain other matters, and this Agreement shall supersede the Original Agreement, which shall be of no further force or effect.

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertakings specified in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, with the intent to be obligated legally and equitably, the parties agree as follows:

ARTICLE 1
ORGANIZATIONAL MATTERS

1.1 Agreement Controlling. 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.

1.2 Name. The Company's name is "gohaus LLC." The Company may conduct its business under that name or, upon compliance with applicable laws, any other name(s) that the Managers determine in their discretion.

1.3 Purpose. The Company is organized to engage in the purchase, manufacture, distribution and sale of flooring and interior design products, and to engage in any other business and activities that are not prohibited by the Act or other applicable law.

1.4 Term. The Company existence commenced on the June 10, 2013, with the filing of its Articles of Organization with the California Secretary of State, and will continue in existence until dissolved and liquidated pursuant to the provisions of Article 9.

1.5 Office and Registered Agent. The Company's principal place of business and mailing address as of the Effective Date is 1501 Front Street, Suite 115, San Diego, California 92101. The Company's principal place of business and mailing address, and its registered agent for service of process, may be changed from time to time by the Managers, upon prior written notice to the Members. The name and address of the Company's initial registered agent for service of process and registered office in the State of California is as specified in Articles of Organization. If the Company commences doing business in any states which require the Company to qualify or register to do business, then the Managers shall execute and cause the Company to file such documents and instruments as are necessary or appropriate to effect and maintain such qualification or registration.

1.6 Limited Liability. Except as otherwise provided expressly in this Agreement, by express written contract with a Member or required by law, no Member is or will be personally liable for any debt, obligation, or liability of the Company, whether that debt, obligation or liability arises in contract, tort, or otherwise.

ARTICLE 2
ISSUANCE OF UNITS AND CAPITAL CONTRIBUTIONS

2.1 Units. Each Member's interest in the Company shall be represented by Units each having identical rights and privileges, except as otherwise provided in this Agreement. As of the Effective Date, there are two (2) classes of Units, being Common Units and Profit Units. The voting, information and inspection rights of the holders of Common Units and Profit Units shall be identical. Holders of Profit Units shall have no interest in the capital of the Company at the time such Profit Units are received, and shall only be entitled to future profits and appreciation of the Company assets with respect to such Profit Units. An unlimited number of Units is hereby authorized. As of the Effective Date, there are issued and outstanding (i) 6,667 Common Units, and (ii) 3,333 Profit Units, as set forth on Exhibit A attached hereto. The Managers shall update Exhibit A on a periodic basis. The Company may issue additional Profit Units to employees and other service providers to the Company in exchange for services rendered or to be rendered. Upon issuance, all Profit Units are intended to constitute "profits" interests under the Code, consistent with Internal Revenue Service Revenue Procedures 93-27 and 2001-43 (or any succeeding Code provision, treasury regulation or other rulings, notices or procedures governing such matters). The Managers, on behalf of the Company, are hereby authorized and directed to file a "liquidation value" election (pursuant to Treasury Notice 2005-43 and any succeeding guidance or authority issued by the Internal Revenue Service with respect thereto), if recommended by the Company's certified public accountant.

2.2 Additional Capital Contributions. As of the Effective Date, each of Buzali and Tagle have made additional Capital Contributions in the amount of _____ ($_____) [***VALUE OF GOHAUS INVENTORY AS OF 2/1/15; THE DIFFERENCE BETWEEN THE INVENTORY VALUE AND $2,000,000 WILL BE THE AMOUNT OF CAPITAL CONTRIBUTIONS CONTEMPLATED BY SECTIONS 2.2.1, 2.2.2, 2.2.3 AND 2.2.4***]. Except as otherwise provided in this Section 2.2, no Member shall be required to make any additional Capital Contributions. To the extent approved by the Managers, from time to time, the Members may be permitted to make additional Capital Contributions if and to the extent they so desire, and if such additional Capital Contributions are necessary or appropriate for the conduct of the Company's business. A non-contributing Member's Percentage Interest shall not be diluted in connection with any additional Capital Contributions except as approved by the Managers.

2.2.1 Provided that the gross sales of the Company for its 2015 Fiscal Year equal or exceed One Million Eight Hundred Thousand Dollars ($1,800,000) [***I.E., BUDGETED 2015 SALES FIGURE***], each of Buzali and Tagle shall contribute cash to the Company as an additional Capital Contribution in the amount of _____ ($_____) within sixty (60) days of the end of the 2015 Fiscal Year.

2.2.2 Provided that the gross sales of the Company for its 2016 Fiscal Year equal or exceed Three Million Six Hundred Thousand Dollars ($3,600,000) [***I.E., BUDGETED 2016 SALES FIGURE***], each of Buzali and Tagle shall contribute cash to the Company as an additional Capital Contribution in the amount of _____ ($_____) within sixty (60) days of the end of the 2016 Fiscal Year.

2.2.3 Provided that the gross sales of the Company for its 2017 Fiscal Year equal or exceed Six Million Four Hundred Eighty Thousand Dollars ($6,480,000) [***I.E., BUDGETED 2017 SALES FIGURE***], each of Buzali and Tagle shall contribute cash to the Company as an additional Capital Contribution in the amount of _____ ($_____) within sixty (60) days of the end of the 2017 Fiscal Year.

2.2.4 Provided that the gross sales of the Company for its 2018 Fiscal Year equal or exceed Nine Million Seven Hundred Twenty Thousand Dollars ($9,720,000) [***I.E., BUDGETED 2018 SALES FIGURE***], each of Buzali and Tagle shall contribute cash to the Company as an additional Capital Contribution in the amount of _____ ($_____) within sixty (60) days of the end of the 2018 Fiscal Year.

2.3 Capital Accounts. The Company shall establish and maintain an individual capital account ("**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 that Member's Interest in accordance with this Agreement, such 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).

2.4 No Interest. No Member will receive interest on any Capital Contribution or Capital Account balance.

2.5 Return of Capital. Unless otherwise specifically provided in this Agreement, no Member may demand the return of, or withdraw, any or all of that Member's Capital Contribution prior to the dissolution and winding up of the Company. No Member guarantees the return of another Member's Capital Contribution. No Member is required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

2.6 Member Loans. Nothing in this Agreement prevents any Member from making secured or unsecured loans to the Company by agreement with the Manager. If any Member makes any loan or loans to the Company or advances money on its behalf, the amount of any such loan or advance shall not be treated as a contribution to the capital of the Company but shall be a debt due from the Company. The amount of any such loan or advance by a lending Member shall be repayable out of the Company's cash and shall bear interest at the lesser of (i) eight percent (8%) per annum, or (ii) the maximum rate allowed by law.

ARTICLE 3
MEMBERS

3.1 Members. The name, mailing address, Units and Percentage Interest of each Member are set forth on Exhibit A to this Agreement, as the same may be amended from time to time by the Managers to update the information set forth therein.

3.2 Additional Members. No additional Members may be admitted to the Company without the unanimous consent of all Members, which consent may be withheld for any reason or for no reason. On the admission of an additional Member pursuant to this Section 3.2, each Member (including the additional Member) shall execute a written consent and agreement to be bound by this Agreement, in form and content satisfactory to the Managers, and the Managers shall update Exhibit A to reflect to the current names, addresses and Percentage Interests of the Members.

3.3 Withdrawal. A Member may withdraw from the Company without the consent of the Managers or other Members, to the extent permitted under the Act, by giving written notice of the Member's withdrawal to the Managers and other Members; and any Member providing such notice: (i) will no longer be considered a Member of the Company for any purpose whatsoever as of the latter of the date of the withdrawal as set forth in such notice or the date on which such notice is received by a Manager, (ii) will not have any right to a return of the Member's Capital Contribution, and (iii) will have no economic rights whatsoever with respect to the Member's Membership Interest, including without limitation, rights to distributions with respect to that Membership Interest.

ARTICLE 4
MANAGEMENT

4.1 Management by the Managers. The Managers shall manage the Company. Except as otherwise provided in this Agreement, all actions taken by the Company shall require the consent of all Managers. Unless otherwise provided in this Agreement, all matters requiring the vote, consent, determination or approval of Managers shall require the affirmative vote,

consent or approval of all Managers. Notwithstanding the foregoing, each Manager shall have full and complete authority, power and discretion to act for and bind the Company for all actions duly authorized pursuant to a written consent in accordance with this Agreement, including, without limitation, to enter into contracts with third parties and the power to exercise on behalf and in the name of the Company all of the powers authorized to be exercised by the Company under the Act, subject to matters requiring Member consent as expressly provided in Section 4.3 or elsewhere in this Agreement.

4.2 Number, Tenure, Election and Qualifications. The Company shall have three (3) Managers. The Managers are Buzali, Tagle and Klein. Subsequent to the Effective Date, a Manager shall be elected by a Majority in Interest. Subject to Section 4.9, each Manager shall serve as Manager until the Manager's successor is duly elected and qualified. All vacancies in the position of Manager from time to time may (but are not required to be) filled by the affirmative action of a Majority in Interest.

4.3 Major Decisions. Notwithstanding the provisions of Section 4.1 above, and without limiting any other Member voting or consent rights expressly set forth in this Agreement, no act may be taken, sum expended, decision made or obligation incurred by the Manager regarding a matter within the scope of any of the following major decisions ("**Major Decisions**") unless and until the same has been unanimously approved by the Members: (a) approving the admission of additional Members, as provided in Section 3.2, or Substituted Members, in accordance with Article 8; (b) the sale, encumbrance, or transfer of all or substantially all of the Company's assets, or of any encumbrance or sale of any other assets of the Company having a value in excess of $50,000; (c) causing the Company to incur any Financing or any other indebtedness for borrowed money in excess of $50,000; (d) amending the Articles of Organization of the Company or this Agreement; (e) the dissolution of the Company; or (f) engaging in any other transaction described in this Agreement as requiring the vote, consent, or approval of the Members. Unless otherwise expressly provided in this Agreement, all matters requiring the vote, consent, or approval of Members shall require the affirmative vote, consent or approval of all Members.

4.4 Member Meetings and Approval. No annual or regular meetings of the Members are required. If meetings are held, such meetings shall be noticed, held and conducted pursuant to the Act. Any action required or permitted to be taken by the Members may be taken by the written consent of 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.

4.5 Manager Meetings and Approval. No annual or regular meetings of the Managers are required. If meetings are held, such meetings shall be noticed, held and conducted pursuant to the Act. Any action required or permitted to be taken by the Managers may be taken by the written consent of the Managers.

4.6 General Duties and Obligations; No Exclusive Duty; Other Business and Activities; Competitive Activities.

4.6.1 Each Manager and Member shall devote such time to the Company's

business and affairs as is reasonably necessary to carry out that Manager's or Member's obligations under this Agreement. The Managers shall not be required to manage the Company as its sole and exclusive function. Except as otherwise provided in this Agreement, the Managers may engage in or possess an interest in other activities, investments and business ventures of every nature and description independently or with others, whether or not competitive with the Company (including without limitation as the manager and/or general partner of other Entities), whether distinct from or related to the Company, and the "corporate opportunity" doctrine or any analogous doctrine shall not apply to the Manager. Except as otherwise provided in this Agreement, neither the Company nor any other Member shall have any right by virtue of this Agreement in and to any such activity, investment or business venture, or to the income or profits derived from such activity, investment or business venture, and the pursuit of such activities, investments and business ventures shall not be deemed wrongful or improper or constitute a breach of any duty under this Agreement or existing at law, in equity or otherwise. Except to the extent otherwise provided in this Agreement or by an action taken by the Members at a meeting or by written consent, no Member has any authority to hold itself out as manager or a general or special agent of the Company in any business or other activity.

4.6.2 Notwithstanding the foregoing or any other term or provision of this Agreement to the contrary, in no event shall a Manager, Member or Affiliate of such Manager or Member engage in any on-line sales of products that are substantially similar to the products developed and sold by the Company; provided, however, that each Manager, Member and any Affiliate of such Manager or Member may continue to operate and expand its existing business, even if competitive with the business of the Company, other than through on-line sales.

4.6.3 In the event that the Company desires to purchase inventory from an Affiliate of a Manager or Member, such Member or Manager agrees to cause such Affiliate to sell the inventory to the Company at a price not to exceed the sum of: (i) the Affiliate's actual cost of the inventory, plus (ii) a three percent (3%) mark-up on the Affiliate's cost of the inventory, plus (iii) the amount of duty or tariff costs incurred by the Affiliate with respect to the inventory, plus (iv) the shipping, freight and related transportation costs incurred by the Affiliate with respect to the inventory.

4.7 Manager's Standard of Care. A Manager's duty of care in the discharge of the Manager's duties to the Company and the other Members is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law. In discharging such duties, the Managers are fully protected in relying in good faith upon such information, opinions, reports or statements by the Members or their agents, or by any other Person, as to matters the Managers reasonably believe are within such other Person's professional or expert competence, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, Profits or Losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

4.8 Indemnification. The Company shall indemnify, defend, and hold harmless each Manager from and against any and all liabilities of every kind, arising from or relating to the Company's business, except as to those matters arising from the Manager's fraud, willful

misconduct, or material breach of this Agreement and failure by the Manager to cure the breach with sixty (60) days after receiving written notice of the breach.

4.9 Compensation for Services.

(a) Unless approved by the Managers, no Member, Manager or Affiliate of a Member or Manager is entitled to compensation for services rendered or goods provided to, or on behalf of, the Company. Any compensation paid by the Company to a Member or an Affiliate of a Member pursuant to this Section 4.8 shall be treated as a payment to a Person who is not a Member under Code section 707(a) or 707(c).

(b) Notwithstanding Section 4.8(a) above, the Company shall reimburse the Managers for all reasonable out-of-pocket expenses incurred by the Manager in the proper conduct of the Company's business, including all costs and expenses of forming the Company and managing the Company's investments; provided, however, that reimbursement for expenses in excess of Five Thousand Dollars ($5,000.00) shall require prior approval of all the Managers.

4.10 Removal of Manager. A Manager may be removed only for "cause" or as a result of a "disability." A Manager may be removed for "cause" by the affirmative vote or written consent of a Majority in Interest of the Members, exclusive of any Membership Interest owned by the Manager or the Manager's Affiliates. If there are no (zero) such independent Members, then a Majority in Interest of the Members may remove a Manager for cause. "**Cause**" means willful misconduct, breach of fiduciary duty, or material breach of this Agreement, as established pursuant to a final settlement, court order or decree, or binding arbitration. A Manager may be removed as a result of a "disability" by the affirmative vote or written consent of a Majority in Interest, exclusive of any Membership Interest owned by such disabled Manager or its Affiliates. "**Disability**" means a Manager becomes incapable of fulfilling his or her obligations under this Agreement because of injury or physical or mental illness for ninety (90) aggregate working days during any consecutive six (6) month period, as established pursuant to a final settlement, court order or decree, or binding arbitration. Written notice of a Manager's removal shall be served upon that Manager by certified mail. That notice shall set forth the day on which the removal is to be effective, which date shall not be less than thirty (30) days after the service of the notice. Upon the removal of a Manager, the Members may within thirty (30) days thereafter elect a new Manager pursuant to the provisions of this Agreement.

4.11 Authority as to Third Persons. No third party dealing with the Company shall be required to investigate the authority of any Manager or secure the approval or confirmation by the Members of any act of the Managers in connection with the conduct of the Company's business. No seller or purchaser of any property or interest being purchased or sold by the Company is required to determine the right to sell or the authority of a Manager to sign and deliver any instrument of transfer on behalf of the Company, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith. Any one (1) Manager shall have full authority to execute on behalf of the Company any and all agreements, contracts, licenses, conveyances, deeds, and all other instruments, and the execution thereof by any one (1) Manager is the only execution necessary to bind the Company thereto, provided that such action on behalf of the Company has been approved in accordance with this Agreement.

ARTICLE 5
DISTRIBUTIONS AND ALLOCATIONS

5.1 Distributions.

5.1.1 Except for Distributable Cash from a Major Capital Event (as provided in Section 5.1.2), the Managers shall cause the Company to distribute to the Members, in proportion to their respective Percentage Interests, Thirty Three Percent (33%) of the Distributable Cash of the Company (as determined after payment of the Tax Distributions pursuant to Section 5.6 below) no less frequently than on an annual basis, and such other amounts of Distributable Cash at such times and in such amounts as the Managers determine in their discretion.

5.1.2 Distributable Cash from a Major Capital Event shall be distributed to the Members as follows:

5.1.2.1 First, to the Members in proportion to, and to the extent of, any accrued but unpaid Priority Return.

5.1.2.2 Second, to the Members on a pro rata basis in accordance with their respective Unreturned Capital Contributions (less prior distributions under this Section 5.1.2.2); and

5.1.2.3 Thereafter, to the Members in proportion to their respective Percentage Interests.

5.2 General Tax Allocations. Subject to Section 5.3 below, all items of Company income, gain, loss or deduction shall be allocated for federal, state and local income tax purposes as follows:

5.2.1 All items of Company income or gain ("**Profits**") for each fiscal year or other period shall be allocated:

5.2.1.1 First, among the Members until the cumulative Profits allocated to each Member under this Section 5.2.1 for such fiscal year and all prior years are equal to the cumulative Losses allocated to the Member under Sections 5.2.2.2 and 5.2.2.3 below for all previous fiscal years. Allocations of Profits under this Section 5.2.1.1 shall (commencing with Losses most recently allocated and continuing thereafter to consecutive prior allocations of Losses) be made to the same extent and in the same ratio as such allocated Losses to the extent they have not been offset by prior allocations of Profits under this Section 5.2.1.1.

5.2.1.2 Second, but only in the event of and to the extent of Profits from a Major Capital Event, to the Members to the extent of any Priority Return accrued during the current fiscal year (or accrued during a prior fiscal year) to the extent Profits have not previously been allocated with respect thereto pursuant to this clause.

5.2.1.3 The balance to the Members pro rata in accordance with their respective Percentage Interests.

5.2.2 All items of Company loss or deduction ("**Losses**") shall be allocated for each fiscal year or other period:

5.2.2.1 First, among the Members until the cumulative Losses allocated to each Member under this Section 5.2.2.1 are equal to the cumulative Profits allocated to the Members under Section 5.2.1.3 above for all previous fiscal years. Allocations of Losses under this Section 5.2.2.1 shall (commencing with Profits most recently allocated and continuing thereafter to consecutive prior allocations of Profits) be made to the same extent and in the same ratio as such allocated Profits to the extent they have not been offset by prior allocations of Losses under this Section 5.2.2.1.

5.2.2.2 Second, to the Members, pro rata in accordance with their respective positive Capital Account balances, until their Capital Account balances are reduced to zero (-$0-).

5.2.2.3 The balance, if any, to the Members pro rata in accordance with their respective Percentage Interests.

5.3 Special Tax Allocations.

5.3.1 Except as otherwise provided in Sections 5.3.2 and 5.3.3, if any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to each such Member in proportion to such Member's respective deficit in such Member's Capital Account in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the negative balance in the Capital Account of such Member as quickly as possible. This Section 5.3.1 is intended to qualify and be construed as a "qualified income offset" within the meaning of Treasury Regulation 1.704-(b)(2)(ii)(d)(3) and it must be interpreted consistently therewith.

5.3.2 For purposes of determining each Member's proportionate share of "excess nonrecourse liabilities" within the meaning of Treasury Regulation section 1.752-3(a)(3), such excess nonrecourse liabilities must be determined in accordance with the Members Percentage Interests. Nonrecourse Deductions (as defined in Treasury Regulation section 1.704-2(b)(1)), for any fiscal year, or portion thereof, shall be allocated among the Members in proportion to their respective Percentage Interests. Except as provided in Section 5.3.3 below, if there is a net decrease in Company Minimum Gain for a Company fiscal year, each Member shall be allocated, before any other allocation of Company items for such fiscal year, items of gross income and gain for such year (and, if necessary, for subsequent years) in proportion to, and to the extent of, the amount of such Member's share of the net decrease in Company Minimum Gain during such year. The income allocated pursuant to this Section 5.3.2 in any fiscal year shall consist first of gains recognized from the disposition of property subject to one or more nonrecourse liabilities, and any remainder shall consist of a pro rata portion of other items of income or gain of the Company.

5.3.3 Notwithstanding any other provisions of this Section 5.3 to the contrary, if there is a net decrease in "**Company Minimum Gain**" (as defined in Treasury Regulation

section 1.704-2(d)), including for this purpose minimum gain attributable to "**Partner Nonrecourse Debt**" (as defined in Treasury Regulation sections 1.704-2(k) and 1.704-2(b)(4)), each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to the greater of (i) such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation sections 1.704-2(f) and 1.704-2(i) (or any corresponding provisions of any successor regulations thereto) that is allocable to the disposition of Company property subject to one or more Nonrecourse Liabilities (as defined in Treasury Regulation section 1.704-2(b)(3)) or Partner Nonrecourse Debt, or (ii) the amount by which such Member's Capital Account balance is negative at the end of such fiscal year, in an amount and manner sufficient to eliminate such negative Capital Account balance as quickly as possible. This Section 5.3.3 shall be applied separately with respect to Company Minimum Gain attributable to Partner Nonrecourse Debt and other Company Minimum Gain. The items to be so allocated shall be determined in accordance with Treasury Regulation sections 1.704-2(f), 1.704-2(g), 1.704-2(i)(4), 1.704-2(i)(5) and 1.704-2(j)(2)(ii). This Section 5.3.3 is intended to comply with the minimum gain chargeback requirement in such Treasury Regulations and shall be interpreted consistently therewith.

5.3.4 Any item of Company loss, deduction or expenditures described in section 705(a)(2)(B) of the Code that is attributable to a Partner Nonrecourse Debt shall be allocated to those Members that bear the economic risk of loss for such Partner Nonrecourse Debt, and among such Members in accordance with the ratios in which they share such economic risk determined in accordance with Treasury Regulation section 1.704-2(i). If there is a net decrease in any Partner Nonrecourse Debt Minimum Gain of the Company during a Company fiscal year, each Member with a share of such Partner Nonrecourse Debt Minimum Gain as of the beginning of such year shall be allocated items of gross income and gain in the manner and to the extent provided in Treasury Regulation sections 1.704-2(i)(4) and 1.704-2(i)(5).

5.3.5 Notwithstanding anything herein to the contrary, (i) to the extent Losses otherwise allocable to a Member pursuant to Section 5.2 would cause any Member to have a negative Capital Account balance at the end of any fiscal year, such Losses shall not be allocated to such Member and instead shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of Losses) and thereafter to the Members in accordance with their Percentage Interests, and (ii) in the event any Member has a negative Capital Account balance at the end of any fiscal year, each such Member shall be specially allocated items of income and gain in the amount of such excess as quickly as possible.

5.3.6 The allocations set forth in Sections 5.3.1, 5.3.2, 5.3.3 and 5.3.5 above (the "**Regulatory Allocations**") are intended to comply with certain requirements of Treasury Regulation section 1.704-1(b). Notwithstanding any other provision of this Article 5 (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other Profits, Losses and items of income, gains, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other Profits, Losses and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

5.3.7 Notwithstanding anything to the contrary in this Agreement, the Company intends for the allocations contained in this Article 5 to have "substantial economic effect" within the meaning of Treasury Regulation 1.704-1(b). If any Code or any Treasury Regulation promulgated thereunder requires allocations of items of income, gain, loss, deduction or credit different from those set forth in this Agreement, upon the advice of tax counsel, the Manager are hereby authorized to make new allocations in reliance upon the Code, the Treasury Regulations and such advice of tax counsel. Such new allocations shall be deemed to be made pursuant to the fiduciary obligations of the Managers to the Company and the Members, and no such new allocation shall give rise to any claim or cause of action by any Member, whether or not the Managers benefit from such reallocation.

5.4 Tax Matters. Buzali is hereby designated the Tax Matters Partner of the Company for purposes of Chapter 63 of the Code and the Treasury Regulations thereunder. The Tax Matters Partner may be changed only with the consent of a Majority in Interest of the Members. All elections permitted to be made by the Company under federal or state laws shall be made by the Tax Matters Partner in such Member's discretion, with the approval of the Manager. All expenses incurred in connection with any audit, investigation, settlement, or review will be borne by the Company. While the Company is intended to be taxed as a partnership for federal income tax purposes, the Members do not intend to be partners one to another or partners as to any other third party (and no partnership exists under this Agreement for any non-tax purpose).

5.5 Company Withholding Obligations.

5.5.1 The Company shall comply with all applicable Federal and State withholding tax obligations, as the same may change from time to time under applicable law. These withholding requirements are complex, and by its execution of this Agreement, each Member acknowledges and agrees that if its residency of a particular state changes from that specified on Exhibit A or ever becomes a non-resident or foreign corporation, foreign trust, foreign partnership, foreign estate, foreign intermediary or other type of foreign person (as defined by the Code and any applicable state law), such Member shall immediately notify the Managers in writing of that status. Additionally, each Member shall provide the Managers with a fully executed Certification of Non-Foreign Status (IRS Form W-9 – if applicable) in the form accompanying the Subscription Agreement. In the event any Member cannot provide such fully executed Certification of Non-Foreign Status, such Member shall provide the Managers with a fully executed Certificate of Foreign Status (IRS Form W-8 – as appropriate) in the form provided by the Managers.

5.5.2 In all cases, the Company shall withhold and pay over to the appropriate taxing agency the amount required under applicable law as determined by the Managers in their sole discretion. As of the date of execution of this Agreement, such withholding obligations are imposed quarterly on the Member's allocable share of Profits (whether or not cash is distributed), at the highest federal marginal tax rate (currently 39.6 percent) for income "effectively connected with a U.S. trade or business," as such term is defined in the Code; and at the current rate of any applicable state.

5.5.3 To the extent the Company fails to comply with any such withholding

obligation under this Section 5.5 as a result of a Member's false certification or failure to affirmatively notify the Managers of such Member's status, all taxes, penalties, and interest (and all related attorneys' fees and costs), together with interest on the entire sum at the lesser of 8% per annum or the maximum amount allowed by applicable law (collectively, a "**Withholding Tax Deficiency**") shall be borne by and paid by such Member. Such Member shall indemnify the Company with respect to the Withholding Tax Deficiency. To the extent any Withholding Tax Deficiency exists with respect to a Member (or has a reasonable probability of existing in the reasonable judgment of the Manager), the Managers shall, in addition to exercising all of the Company's other remedies at law or in equity, apply all amounts otherwise distributable to such Member to pay any Withholding Tax Deficiency, until such Withholding Tax Deficiency is paid in full and such Member shall receive no distributions unless and until the Withholding Tax Deficiency is paid in full.

5.5.4 Except as otherwise provided in this Section 5.5, any amount so withheld by the Company with respect to a Member shall be treated for purposes of this Agreement as an amount actually distributed to such Member pursuant to Section 5.1.1. An amount shall be considered withheld by the Company if and at the time such amount is remitted to a governmental agency without regard to whether such remittance occurs at the same time as the distribution or allocation to which it relates; provided, however, that an amount withheld from a specific distribution or designated by the Manager as withheld with respect to a specific allocation shall be treated as distributed at the time such distribution or allocation occurs.

5.6 Tax Distributions. Within ninety (90) days following the end of each Fiscal Year (or as soon as possible thereafter), the Managers shall make distributions of Distributable Cash to each Member under this Section 5.6 in an amount equal to each such Member's Tax Distribution. "*Tax Distribution*" means, with respect to each Member, a distribution equal to forty five percent (45%) of allocated Profits to such Member for such Fiscal Year. The calculation of the Tax Distribution shall be reasonably determined by the Managers upon consultation with the Company's certified public accountant.

ARTICLE 6
ACCOUNTING AND BANKING

6.1 Books, Records and Accounting. The Managers shall cause the Company to keep proper and complete books of account of the Company's business ("**Records**"). The Records shall be kept at the Company's principal place of business and shall be open to inspection by any of the Members or their authorized representatives at any reasonable time during business hours. The accounting records shall be maintained in accordance with generally accepted bookkeeping and accounting practices for the Company's type of business. The Company shall maintain at its principal office all records required to be maintained by the Company pursuant to the Act. The Company's fiscal year shall be the calendar year.

6.2 Bank Accounts. The Managers shall cause the Company's funds to be maintained in one or more separate bank and brokerage accounts in the name of the Company at such banks or other financial institutions as determined by the Managers, and shall not permit the funds of the Company to be commingled in any fashion with the funds of the Members or any other Person. Checks or drafts drawn on the Company's accounts shall require the signature of a

Manager, an individual listed on Exhibit A, or any other Person that has been designated by the Managers.

6.3 Tax Returns. The Managers shall cause to be prepared at least annually, at the Company's expense, information necessary for the preparation of the Members' federal and state income tax returns. The Company shall send or cause to be sent to each Member within ninety (90) days after the end of each taxable year or as soon as reasonably practicable thereafter (i) such information as is necessary to complete federal and state income tax or information returns, and (ii) a copy of the Company's federal, state, and local income tax or information returns for that year.

6.4 Company Accountants. The Managers shall cause the Company to retain certified public accountants from time to time to perform such services for the Company (as a Company expense), as determined in the Managers' discretion.

ARTICLE 7
INVESTOR PROVISIONS

7.1 Representations and Warranties. Each Member hereby represents and warrants to, and agrees with, the Managers, the other Members, and the Company as follows:

7.1.1 Preexisting Relationship or Experience. Either (i) such Member has a preexisting personal or business relationship with the Company or a Manager, or the officers or control persons of a Manager, or (ii) by reason of such Member's business or financial experience, or by reason of the business or financial experience of such Member's financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company or any Affiliate or placement agent of the Company, such Member is capable of evaluating the risks and merits of an investment in the Interests and of protecting such Member's own interests in connection with this investment.

7.1.2 No Advertising. Such Member 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 sale of the Membership Interests.

7.1.3 Investment Intent. Such Member is acquiring the Membership Interest for investment purposes for such Member's own account only, and not with a view to or for sale in connection with any distribution of all or any part of the Membership Interest. No other Person will have any direct or indirect beneficial interest in or right to such Member's Interest.

7.1.4 Purpose of Entity. If the Member is a corporation, partnership, limited liability company, trust, or other Entity, then it was not organized for the specific purpose of acquiring the Interest, unless otherwise disclosed to and approved by the Managers.

7.1.5 No Registration of Interest. Such Member acknowledges that the Interests have not been registered or qualified under any Securities Laws, in part, on such Member's representations, warranties, and agreements in this Agreement. Such Member

represents, warrants, and agrees that neither the Company nor any Manager is under an obligation to register or qualify the Interests under any Securities Laws, or to assist such Member in complying with any exemption from registration and qualification.

7.1.6 Restricted Securities. Such Member understands that the Interests are "restricted securities" under the Securities Act of 1933, as amended, in that the Interests will be acquired from the Company in a transaction not involving a public offering, and that the Interests may be resold without registration under the Securities Act of 1933, as amended, only in certain limited circumstances, and that otherwise the Interests must be held indefinitely.

7.1.7 No Disposition in Violation of Law. Without limiting the representations set forth above, such Member will not make any disposition of all or any part of such Member's Interest which will result in the violation by such Member or by the Company of the Securities Laws. Without limiting the foregoing, such Member agrees not to make any disposition of all or any part of the Interest unless and until (A) Such Member has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (B) if reasonably requested by the Managers, such Member has furnished the Company with a written opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of any securities under the Securities Act of 1933, as amended, or the consent of or a permit from appropriate authorities under any other applicable Securities Laws.

7.1.8 Patriot Act Compliance. As a material condition of investing in the Company, each Member represents, warrants, covenants and agrees with, and certifies to, the other Members, the Manager and the Company as follows (collectively, the "**Patriot Act Compliance Provisions**"):

7.1.8.1 Patriot Act Offense. Member, and any direct or indirect beneficial owner of Member, has not committed any Patriot Act Offense. "**Patriot Act Offense**" means any violation of any of the following (collectively, "**Applicable Laws**") (a) the Patriot Act, or (b) the federal criminal laws of the United States of America or the state criminal laws of any of any state or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of such states, relating to terrorism or the laundering of monetary instruments, or (c) the requirements of any Executive Order or OFAC (Office of Foreign Assets Control) Laws and Regulations , or (d) crimes of conspiracy to commit, or aiding and abetting another to commit, any Patriot Act Offense.

7.1.8.2 Legal Sources of Funds. The funds invested by Member in the Company, and all funds received, directly or indirectly, by Member from any direct or indirect beneficial owner of Member, are derived from legal sources and without violation of Applicable Laws.

7.1.8.3 Identity of Member. Member, and any direct or indirect beneficial owner of Member, (i) is not listed on any Governmental Lists, or a person who acts for or on behalf of, any person, group, or entity on the Governmental Lists, or (ii) is not a person who has been determined by competent authority to be subject to the prohibitions contained in any Executive Orders, including without limitation being a person designated under Section 1(b),

(c), or (d) of Executive Order 13224, or (iii) is not and has not in the past been under investigation by any governmental authority for, or has been charged with or convicted of, any Patriot Act Offense, or assessed civil penalties under Applicable Laws or related laws, or subject to seizure or forfeiture of its funds in any action under Applicable Laws or related laws.

7.1.8.4 Prohibited Activities. Member, and any direct or indirect beneficial owner of Member, has not been, and will not in the future be, (i) a person who is located in a country with which dealings are prohibited or restricted by the United States federal government, (ii) dealing in a prohibited manner with a country or person or entity in a country with which dealings are prohibited or restricted by the United States government, or (iii) a person who commits a Patriot Act Offense.

7.1.8.5 Consent to Disclosure of Information. Member consents to the Company performing a search of applicable Governmental Lists prior to acceptance of any Capital Contribution, which search may be performed by a third party firm. Member shall provide to the Company, as requested by the Company, all information reasonably required by the Company to establish compliance with these Patriot Act Compliance Provisions.

7.1.8.6 Notice of Violation. Member shall immediately notify the Company in writing of the relevant facts and circumstances if any representation or warranty set forth in these Patriot Act Compliance Provisions is no longer true or accurate in any respect, including becoming a person who is listed on any of the Governmental Lists, or who has become a designated person pursuant to any of the Executive Orders, or who is under investigation by any governmental entity for, or has been charged with or convicted of, any Patriot Act Offense.

7.1.8.7 Further Restriction on Transfers. Without limiting any provisions in this Agreement, it is further agreed that no transfer of any direct or indirect interest in the Company, or of the equity or other beneficial ownership interests in any Member that is an entity, shall be effective until the transferee has provided a written certification by the transferee to the Company that the transferee shall be bound by, subject to and shall comply with all of the Patriot Act Compliance Provisions set forth in this Section 7.1.8.

7.1.8.8 Indemnification and Consequences of Breach. Member acknowledges that Member understands the meaning and legal consequences of the representations, warranties and covenants of these Patriot Act Compliance Provisions set forth in this Section 7.1.8, and understands that the Company has relied upon such representations, warranties and covenants, in connection with any issuance of a Membership Interest and Member hereby agrees to indemnify and hold harmless the Company, the Manager, Affiliates, and their officers, managers, controlling persons, agents and employees, from and against any and all losses, damages or liabilities due to or arising out of a breach of any representation, warranty or covenant made by Member herein. Without limiting the foregoing, in the event of a breach by Member (or its successors and assigns) of any of the representations, warranties, covenants and agreements set forth in these Patriot Act Compliance Provisions: (i) Member shall no longer be considered a Member of the Company effective immediately as of the date of such breach (and shall be considered a mere Economic Interest Holder with respect to its Interest in the Company), (ii) Company shall have, in addition to and without limiting any other rights and remedies set forth in this Agreement, the right (but not the obligation) to purchase Member's

Membership Interest for cash in the amount of 50% of Member's original Capital Contribution, regardless of the current fair value of the Membership Interest or the Company's assets and investments.

7.1.8.9 Acknowledgement of Terms. Member understands and acknowledges that these Patriot Act Compliance Provisions are fair and reasonable in light of the Company's business and operation, and that they (i) are a material condition precedent of the Company's acceptance of Member's Capital Contribution, (ii) are in addition to the other representations, warranties, covenants and agreements set forth in this Agreement (and to the extent of a conflict, the terms of these Patriot Act Compliance Provisions shall control), (iii) shall survive the Company's acceptance of Member's admission as a Member of the Company, and (iv) shall be binding upon Member's successors and assigns.

7.1.9 Investment Risk. Such Member acknowledges that the Interests are a speculative investment which involves a substantial degree of risk of loss by such Member, that such Member understands and takes full cognizance of the risk factors and potential conflicts of interest of with Affiliates related to the purchase of the Interest, and that the Company is newly organized and has made no investments as of the Effective Date. Such Member has the financial ability to bear the economic risk of its participation in the Company, has adequate means of providing for current needs and contingencies and has no need for liquidity with respect to its Interest. Such Member is financially able to bear the economic risk of an investment in the Interest, including the total loss of such investment.

7.1.10 Information Reviewed. Such Member has received and reviewed all information such Member considers necessary or appropriate for deciding whether to acquire the Interest. Such Member has had an opportunity to ask questions and receive answers from the Company and its Managers, officers, and employees regarding the terms and conditions of the acquisition of the Interest and regarding the business, financial affairs, and other aspects of the Company, and has further had the opportunity to obtain all information (to the extent the Company possesses or can acquire such information without unreasonable effort or expense) which such Member deems necessary to evaluate the investment and to verify the accuracy of information otherwise provided to such Member. Such Member is acquiring its Interest in reliance solely on (i) its independent verification of the accuracy of any documents delivered by the Managers to the Member, and (ii) the opinions and advice concerning the Company of consultants engaged by such Member.

7.1.11 No Representations by Company. Neither the Managers, nor any agent or employee of the Company or of the Managers, or any other Person, has at any time expressly or implicitly represented, guaranteed, or warranted to such Member that a percentage of profit and/or amount or type of consideration will result from an investment in the Interest, that past performance or experience on the part of the Managers or Affiliates or any other Person in any way indicates the predictable results of the ownership of the Interest or of the overall Company business, that any cash distributions from Company operations or otherwise will be made to the Members by any specific date or will be made at all, or that any specific tax benefits will accrue as a result of an investment in the Company.

7.1.12 Tax Consequences. Such Member acknowledges that the tax

consequences to such Member of investing in the Company will depend on such Member's particular circumstances, and neither the Company, the Manager, the Members, nor the shareholders, members, managers, agents, officers, directors, employees, Affiliates or consultants of any of them will be responsible or liable for the tax consequences to such Member of an investment in the Company. Such Member will look solely to, and rely upon, such Member's own advisers with respect to the tax consequences of this investment. Such Member further acknowledge that he shall be responsible for the filing of (and the consequences of filing, if you so elect following consultation with his tax advisor) an election pursuant to Section 83(b) of the Code, with respect to any "profits interest" issued under this Agreement. Such Member further represents and covenants that: (a) if Member is a "United States person" as defined in the United States Internal Revenue Code of 1986, as amended, Member shall complete an IRS Form W-9 and deliver the same to the Company simultaneously with executing this Agreement; and (b) if Member is not a "United States person" as defined in the United States Internal Revenue Code of 1986, as amended, Member shall complete an IRS Form W-8BEN, IRS Form W-8ECI, IRS Form W-8IMY or IRS Form W-8EXP (as applicable) and deliver the same to the Company simultaneously with executing this Agreement; and (c) Member shall properly execute and provide to the Company in a timely manner any and all additional tax documentation that may be reasonably required by the Company in connection with the Company, and Member shall promptly provide written notice to the Company upon any change in Member's residence, domicile, form of entity (if applicable), or United States tax or withholding status.

7.1.13 No Assurance of Tax Benefits. Such Member acknowledges that there can be no assurance that the Code or the Treasury Regulations will not be amended or interpreted in the future in such a manner so as to deprive the Company and the Members of some or all of the tax benefits they might now receive, or that some of the deductions claimed by the Company or the allocations of items of income, gain, loss, deduction, or credits among the Members may not be challenged by the Internal Revenue Service or other state or local taxing authority. Such Member further acknowledges that no representations or warranties have been made regarding any actual or potential tax benefits from an investment in the Company. Accordingly, such Member represents that such Member has consulted with its own tax advisors prior to investing in the Company.

7.1.14 Accredited Investor. Such Member represents and warrants to the other Members, the Managers and the Company that such Member is an "accredited investor" within the meaning of Regulation D of the Securities Act of 1933, as amended, and is included within one or more of the following "accredited investor" categories of such Regulation D:

7.1.14.1 Any natural person whose individual net worth, or joint net worth with that natural person's spouse, at the time of such natural person's purchase, exceeds One Million Dollars ($1,000,000).

7.1.14.2 Any natural person who had an individual income in excess of Two Hundred Thousand Dollars ($200,000) in each of the two most recent years or joint income with that natural person's spouse in excess of Three Hundred Thousand Dollars ($300,000) in each of those years and has a reasonable expectation of reaching the same income level in the current year.

7.1.14.3 Any Entity in which all of the equity owners are accredited investors.

For purposes of this the definition of "accredited investor", the term "net worth" means the excess of total assets over total liabilities. In computing net worth for the purposes of category (i) above, such Member's principal residence must be valued either at (A) cost, including the cost of improvements, net of current encumbrances upon the property or (B) the appraised value of the property as determined upon a written appraisal used by an institutional lender making a loan to the individual secured by the property, including the cost of subsequent improvements, net of current encumbrances upon the property. In determining income, such Member should add to such Member's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments, and any amount by which income from long term capital gains has been reduced in arriving at adjusted gross income.

7.2 Indemnity. Each Member shall indemnify, hold harmless, and defend the Company, the Managers, each and every other Member, and each of their respective Affiliates who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, by reason of or arising from any misrepresentation, misstatement of facts, or omission to represent or state facts made by such Member in this Article 7, against losses, liabilities, and expenses of the Company, the Manager, each and every other Member, and each of their respective Affiliates incurred by such Person in connection with such action, suit, proceeding, or the like (including attorneys' fees, judgments, fines, and amounts paid in settlement). Without limiting the foregoing, the Company shall have the remedies set forth in Section 7.1.8.8 against any Member who violates the Patriot Act Compliance Provisions.

7.3 Legal Representation. Buzali has retained Procopio, Cory, Hargreaves & Savitch LLP ("**PCHS**") to prepare this Agreement and all related documents.

7.3.1 Each Member other than Buzali (each "**Other Member**") is advised that it is entitled to be represented by counsel of its choice with respect to becoming a Member in the Company, and each Other Member or potential Other Member should seek advice from its own counsel in regard to its investment in the Company and execution of this Agreement. Each Other Member acknowledges that it has sought advice from its own separate legal counsel in this regard or has chosen not to do so. Each Other Member acknowledges that PCHS has not undertaken any and has no duty or obligation of any kind to any Other Member, in connection with this Agreement, all other documents contemplated by this Agreement.

7.3.2 From time to time as requested, subject to the Rules of Professional Conduct of the State Bar of California, PCHS shall be permitted to render legal advice and to provide legal services to Buzali and his Affiliates with respect to the Company or otherwise, and whether or not connected with the Company. In no event does or will an attorney/client relationship exist between PCHS on the one hand, and any Other Member or any of their respective Affiliates, on the other hand, in the absence of an express written engagement agreement between such Other Member and PCHS. Each Other Member who separately has

entered into an engagement with PCHS for legal representation shall notify PCHS of their investment in the Company, hereby waives all conflicts of interest relating to the representation by PCHS of Buzali and any Affiliates of Buzali, and agrees to execute a conflict of interest waiver with PCHS regarding the same.

7.3.3 To the extent requested by Buzali, and subject to the Rules of Professional Conduct of the State Bar of California, PCHS shall be permitted to render legal advice and to provide legal services to the Company. Each Other Member agrees that such representation, including of the Company by PCHS, from time to time, does not disqualify PCHS from providing legal advice and legal services (as set forth in this Section 7.3) at any time in the future.

7.3.4 Each Other Member will at all times continue to engage and consult with its own separate legal counsel, if any, in connection with matters and affairs relating to the Company. If any dispute or controversy arises between any Other Member and the Company, on one hand, and Buzali and Buzali's Affiliates on the other hand, then each Other Member agrees that PCHS may represent either the Company or Buzali (and/or his Affiliates), or both or all of them, in any such dispute or controversy to the extent permitted by the Rules of Professional Conduct of the State Bar of California or similar rules in any other jurisdiction and each Other Member hereby consents to such representation.

7.4 Power of Attorney.

7.4.1 Attorney in Fact. Each Member hereby grants to the Managers a special power of attorney irrevocably making, constituting and appointing the Managers as such Member's attorney in fact, with full power of substitution, with power and authority to act in such Member's name and on its behalf to execute, acknowledge, and swear to in the execution, acknowledgment, filing, and/or recording of any of the following:

7.4.1.1 Any separate Articles of Organization, as well as any amendments thereto or to this Agreement, which, under the laws of the State of California or the laws of any other state, are required to be executed or filed or which is deemed advisable by the Managers to execute or file; and

7.4.1.2 Any other instrument or document which may be required to be filed by the Company under the laws of any state or by any governmental agency, or which is deemed advisable by the Managers to file;

7.4.1.3 Any instrument or document which may be required to effect the continuation of the Company, the admission of additional or Substitute Members, or the dissolution and termination of the Company (provided the continuation, admission, or dissolution and termination are in accordance with the terms of this Agreement); and

7.4.1.4 Any amendment to this Agreement as set forth in Section 10.11.

7.4.2 Limitation on Use. The Manager shall promptly furnish to the Members a copy of any amendment to this Agreement executed by any Manager pursuant to Section 10.11. The Manager shall not use such special power of attorney for any purpose other than as

specifically set forth herein.

7.4.3 Special Power of Attorney. Such special power of attorney granted by each Member (i) is a special power of attorney coupled with an interest, is irrevocable, shall survive the incapacity of the granting Member and is limited to the matters set forth in this Agreement, and (ii) may be exercised by any Manager acting for the Member by a facsimile signature of such Manager.

ARTICLE 8
TRANSFER OF MEMBERSHIP INTERESTS

8.1 General Prohibition. Membership Interests are not intended to be made generally available to Persons other than the present Members. Accordingly, except for Permitted Transfers (defined below), no Member may Transfer all or any part of the Member's Interest except with the prior approval of all Members, which approval may be given or withheld in the sole discretion of the Members. Transfers in violation of this Section 8.1 will be effective only to the extent set forth in Section 8.4. After the consummation of any Transfer of any part of a Membership Interest, the Membership Interest so Transferred shall continue to be subject to the provisions of this Agreement and any further Transfers shall be required to comply with all of the provisions of this Agreement. Each Member acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the relationship of the Members.

8.2 Permitted Transfers. A Member may Transfer (a "**Permitted Transfer**") all or any part of that Member's Interest: (i) to the Company, (ii) to another Member, or (iii) in trust for the benefit of a Member, or that Member's spouse, children, grandchildren, siblings or in-laws, or any combination thereof for bona fide estate planning purposes, provided: (a) the Transfer is to a trust under which the Member is and remains a trustee with the power to act on behalf of the trust without the consent of any other Person, and (b) such trustee agrees in writing to be bound by the provisions of this Agreement. In the event of a Permitted Transfer to a trust, then a subsequent Transfer will occur upon that Member no longer being a trustee with the power to act on behalf of such trust without the consent of any other Person.

8.3 Transferee as a Member. An Assignee of a Membership Interest may become a Substituted Member only if (i) all Members consent to the Assignee's admission to the Company as a Member, (ii) the Assignee executes an instrument satisfactory to the Members accepting and adopting the provisions of this Agreement, and (iii) the Assignee pays any reasonable expenses in connection with the Assignee's admission as a Substituted Member. The admission of an Assignee as a Substituted Member does not and will not release the Member who transferred the Membership Interest from any liability that such transferring Member may have to the Company.

8.4 Transfers In Violation of Agreement. Upon any Transfer of a Membership Interest in violation of this Article 8, the Assignee possesses 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 Assignee shall only receive the share of the Company's Profits, Losses and distributions of the Company's assets to which the transferor of such Economic Interest would otherwise be entitled.

8.5 Right of First Refusal. Except for Permitted Transfers as described in Section 8.2, each time a Member proposes to make an inter vivos Transfer of all or any part of the Member's Interest (a "**Transferring Member**") (whether voluntary or involuntary) in exchange for consideration, the Transferring Member shall first offer such Membership Interest to the non-transferring Members in accordance with the following provisions:

8.5.1 The Transferring Member shall deliver written notice to the Managers and other Members of the proposed Transfer (the "**Transfer Notice**") stating (i) such Member's bona fide intention to transfer such Membership Interest, (ii) the name and address of the proposed transferee, (iii) the Membership Interest to be transferred, and (iv) the purchase price and terms of payment for which the Transferring Member proposes to transfer such Membership Interest, and any other relevant details.

8.5.2 Within thirty (30) days after the Company's receipt of the Transfer Notice described in Section 8.5.1, the Managers shall notify the Transferring Member and the Members of the Company's desire to purchase all or a portion of the Membership Interest being transferred. The failure of the Managers to submit a notice to the Transferring Member of the Company's intention to purchase within this thirty day period constitutes an election by the Company not to purchase any of the Membership Interest being transferred.

8.5.3 Within thirty (30) days after the receipt of the Transfer Notice, each non-transferring Member shall notify the Transferring Member of such Member's desire to purchase a portion of the Membership Interest being so transferred. The failure of any Member to submit a notice within the applicable period shall constitute an election 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 held by such Member bears to the aggregate of the outstanding Percentage Interests of all of the Members electing to so purchase the Membership Interest being transferred. If 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 (on a pro rata basis) elect to purchase more than their pro rata share.

8.5.4 If the Company does not elect to purchase all of the Membership Interest being transferred, then within fifteen (15) days after the expiration of the thirty day period described in Section 8.5.3 above, each Member may elect to purchase a portion of the remaining Membership Interest not being purchased by the Company, by providing written notice to the Managers. The Members electing to purchase such Membership Interest shall have the first right to purchase or obtain such Membership Interest upon the price and terms of payment designated in the Transfer Notice. If the Transfer 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 Manager.

8.5.5 If the Company and/or the Members elect not to purchase or obtain all of the Membership Interest designated in the Transfer Notice, then the Transferring Member may Transfer to the proposed Transferee the Membership Interest described in the Transfer Notice, if such Transfer (i) is completed within thirty (30) days after the expiration of the Members' rights

to purchase such Membership Interest, (ii) is made on terms no less favorable to the Transferring Member than as designated in the Transfer Notice, and (iii) satisfies all the requirements of this Article 8. If such Membership Interest is not so transferred, the Transferring Member must give a new Transfer Notice prior to any other or subsequent proposed transfer of such Membership Interest.

ARTICLE 9
DISSOLUTION AND WINDING UP

9.1 Company Dissolution. The Company shall be dissolved, its assets disposed of, and its affairs wound up on the first to occur of the following (each, a "**Dissolution Event**"): (a) the unanimous vote or written consent of the Members; (b) the happening of any event that makes it unlawful or impossible to carry on the business of the Company; (c) the judicial dissolution of the Company pursuant to the Act; or (d) at the election of the Managers following the sale of all or substantially all of the assets of the Company. Except as expressly permitted in this Agreement, a Member shall not take any voluntary action that directly causes a Dissolution Event.

9.2 Winding Up. Upon a Dissolution Event, the Company's assets shall be disposed of and its affairs wound up by the Managers, or if no Manager remains, by a Person so designated by a Majority in Interest. The Company shall give written notice of the commencement of the dissolution to all of its known creditors. The Managers (or such other Member or Members winding up the Company's business and affairs) shall file or cause to be filed a Certificate of Cancellation with the California Secretary of State and/or such other documents and instruments necessary to dissolve the Company and withdraw the Company from registration to do business in all states (if any) in which the Company is so registered.

9.3 Distribution of Assets Upon Dissolution. In settling accounts after dissolution, the liabilities of the Company shall be entitled to payment in the following order:

9.3.1 First, to creditors, in the order of priority as provided by law; and

9.3.2 Second, to Reserves as reasonably required for contingent liabilities (after passage of a reasonable time the balance, if any, of said Reserves shall be distributed as set forth below); and

9.3.3 The remaining assets shall be distributed to the Members in accordance with Section 5.1.2 above. Such distribution shall be made after (i) final allocations of Profits and Losses in connection with the dissolution of the Company and the liquidation of its assets have been made, and (ii) all such events, transactions and allocations have been fully reflected in the Member's Capital Accounts as required by Treasury Regulation 1.704-1(b). Such distribution required by this Section 9.3.3 shall be made by the end of the fiscal year in which such dissolution occurs, or, if later, within ninety (90) days after the date of such dissolution, and shall otherwise comply with the requirements of Treasury Regulation 1.704-1(b). Distributions pursuant to this Section 9.3.3 may be made to a trust established for the benefit of the Members for the purposes of liquidating the Company's assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the

Manager arising out of in connection with the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Managers, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to this Agreement.

9.4 Target Final Balances. The tax allocation provisions of this Agreement are intended to produce final Capital Account balances that are at levels ("**Target Final Balances**") equal to the priority distributions that would occur if said liquidating proceeds were distributed pursuant to Section 9.3.3 and Section 5.1.2. To the extent that the tax allocation provisions of this Agreement would not produce the Target Final Balances, the Members agree to take such actions as are necessary to amend such provisions to produce such Target Final Balances, to the extent possible. Notwithstanding the other provisions of this Agreement, allocations of Company gross income and deductions shall be made prospectively in relation to said liquidation as necessary to produce such Target Final Balances (and, to the extent such prospective allocations would not reach such result, the prior tax returns of the Company shall be amended to reallocate Company gross income and deductions to produce such Target Final Balances, to the extent possible).

9.5 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall have no recourse for the return of such Member's Capital Contribution and/or share of distributions (upon dissolution or otherwise) against the Manager or any other Member.

ARTICLE 10
MISCELLANEOUS

10.1 Complete Agreement. This Agreement and the recitals and exhibits to this Agreement, which are incorporated into and made a part of this Agreement, and the Articles of Organization (as amended) constitute the complete and exclusive agreement of the parties regarding the subject matter of this Agreement, and replace and supersede all prior written and oral agreements or statements by and among the Members. No representation, statement, condition or warranty not contained in this Agreement shall be binding on the Members or have any force or effect whatsoever. To the extent that any provisions of the Articles of Organization (as amended) conflict with any provision of this Agreement, the Articles of Organization (as amended) shall control. All amendments to this Agreement shall be in writing and unanimously approved by the Members.

10.2 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement shall be binding on, and inure to the benefit of, the parties and their respective heirs, personal and legal representatives, executors, administrators, successors and assigns.

10.3 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement (a) confers any rights or remedies under or by reason of this Agreement on any Persons other than the Members and such Members' respective successors and assigns, (b) relieves or discharges the obligation or liability of any third Person to any party to this

Agreement, or (c) gives any third Person any right of subrogation or action over or against any party to this Agreement.

10.4 Headings. All headings in this Agreement 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.

10.5 Interpretation. If 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 because this Agreement was prepared by or at the request of a particular Member or that Member's counsel. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and vice versa. 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 a particular Member or the Member's counsel.

10.6 Governing Law. This Agreement is governed by and shall be construed in accordance with the Act and the internal laws of the state of California.

10.7 Severability. If any provision of this Agreement or its application to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other Persons or circumstances is not affected and such provision shall be enforced to the greatest extent permitted by law.

10.8 Dispute Resolution.

10.8.1 Negotiated Resolution. If any dispute ("**Dispute**") arises (i) out of or relating to, this Agreement or any alleged breach of this Agreement, or (ii) with respect to any of the transactions or events contemplated by this Agreement, the party desiring to resolve such Dispute shall deliver a notice of the dispute ("**Dispute Notice**") to the other parties to such Dispute. If any party delivers a Dispute Notice pursuant to this Section, the parties involved in the Dispute shall meet at least twice within the thirty (30) day period commencing with the date of the Dispute Notice and in good faith shall attempt to resolve such Dispute.

10.8.2 Mediation. If any Dispute is not resolved or settled by the parties as a result of negotiation pursuant to Section 10.8.1 above, the parties shall submit the Dispute to non-binding mediation before a retired judge of a U.S. District Court or state Superior, Appellate or Supreme Court, or some similarly qualified, mutually agreeable individual. The parties shall bear the costs of such mediation equally.

10.8.3 Arbitration. If the Dispute is not resolved by mediation pursuant to Section 10.8.2 above, or if the parties fail to agree upon a mediator, then within ninety (90) days after the Dispute Notice, the Dispute shall be settled by arbitration conducted in the county and state where the principal office of the Company is located in accordance with the rules and procedures of JAMS then in effect with respect to commercial disputes. Arbitration shall be held before one impartial arbitrator. In the event the parties cannot agree to the appointment of an arbitrator, an arbitrator shall be appointed in accordance with California law. Any arbitration

shall allow for production of relevant documents and depositions, and sanctions, at the discretion of the arbitrator, for failure to comply with any such discovery requests. The arbitration of such issues, including the determination of any amount of damages suffered by any party hereto by reason of the acts or omissions of any party, shall be final and binding upon all parties. Notwithstanding the foregoing, the arbitrator shall not be authorized to award punitive damages with respect to any such claim or controversy, nor shall any party seek punitive damages relative to any matter under, arising out of or relating to this Agreement in any other forum. Except as otherwise set forth in this Agreement, the cost of any arbitration hereunder, including the cost of the record or transcripts thereof, if any, administrative fees, and all other fees involved, including reasonable attorneys' fees incurred by the party determined by the arbitrator to be the prevailing party, shall be paid by the party determined by the arbitrator not to be the prevailing party, or otherwise allocated in an equitable manner as determined by the arbitrator. The parties shall instruct the arbitrator to render its decision no later than thirty (30) days after the submission of the Dispute.

10.9 Further Assurances. 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 under this Agreement.

10.10 Notices. Any notice, demand or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been sufficiently given or served for all purposes if: (i) delivered personally to the party or to an executive officer of the party to whom the same is directed, (ii) sent by certified mail, return receipt requested, postage prepaid, addressed to the Member's and/or Company's address as it appears in the Company's records, as appropriate, or (iii) sent by nationally recognized overnight courier addressed to the Member's and/or Company's address as it appears in the Company's records, as appropriate. Except as otherwise provided in this Agreement, any such properly addressed notice that is sent via certified U.S. mail shall be deemed to be given three business days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, and any notice that is sent via overnight courier shall be deemed to be given on the date of delivery of such notice.

10.11 Amendments. This Agreement and the Articles of Organization may be amended only with the unanimous written consent of the Members, except the Managers shall (without further action or consent by the Members) amend the Articles of Organization to update the information set forth therein and shall amend Exhibit A to update the information set forth therein.

10.12 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts shall be construed together and constitute the same instrument.

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

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Members and Manager have executed this Agreement effective as of the day and year first above written.

MANAGERS:	**MEMBERS:**
Benjamin Buzali	Benjamin Buzali
Misael Tagle	Misael Tagle
Trevor Klein	Trevor Klein

EXHIBIT "A"

NAMES, ADDRESSES, AND PERCENTAGE INTERESTS

GOFLOORS LLC

As of February 1, 2015

Name and Address of Members	Units	Member's Percentage Interest
Benjamin Buzali 8480 Miralani Drive San Diego, CA 92126	3,334 Common Units	33.34%
Misael Tagle 8480 Miralani Drive San Diego, CA 92126	3,333 Common Units	33.33%
Trevor Klein _____ _____	3,333 Profit Units	33.33%
TOTAL	10,000	100%

Managers:

Benjamin Buzali
Misael Tagle
Trevor Klein

Bank Account Signature Authority (Section 6.2):

Benjamin Buzali
Misael Tagle
Trevor Klein

EXHIBIT "B"

GLOSSARY OF CERTAIN DEFINED TERMS

Capitalized terms used in this Agreement shall have the meanings specified below or elsewhere in this Agreement and when not so defined shall have the meanings specified in the Act (such terms are equally applicable to both the singular and plural derivations of the terms defined):

"**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.

"**Affiliate**" means, with respect to any Person, any other Person (i) in which such first Person directly or indirectly owns greater than a twenty percent (20%) interest (whether economic or voting)**,** (ii) which directly or indirectly owns a twenty percent (20%) interest (whether economic or voting) in such first Person, or (iii) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such first Person. For purposes of this definition, "control" and "uncontrolled" with respect to any Person means the power, directly or indirectly, either to direct of cause the direction of the management and policies of such first Person, whether through the ownership of voting securities or equity interests, by contract of otherwise.

"**Assignee**" means the owner of an Economic Interest who has not been admitted as a Substituted Member in accordance with Section 8.3.

"**Capital Contribution**" means the total value of cash and fair market value of property (including promissory notes or other obligation to contribute cash or property) contributed to the Company by Members.

"**Code**" means the Internal Revenue Code of 1986 as amended from time to time, or corresponding provisions of subsequent superseding federal revenue laws.

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

"**Distributable Cash**" means all cash, receipts and funds received by the Company from Company operations or from any other source or any kind, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums then due to lenders or to Members (including under Section 2.6); (ii) all cash expenditures or liabilities incurred incident to the operation of the Company's business; (iii) such Reserves as the Manager deems reasonably necessary to the proper operation of the Company's business.

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

"**Entity**" means any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association or any other entity.

"**Financing**" means any mortgage financing, refinancing or borrowing secured by the Property or any other assets of the Company, including additions to borrowing initially made to finance the purchase of Property or assets by the Company.

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

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

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be its fair market value, as reasonably determined by the Manager.

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective fair market values, as reasonably determined by the Manager, as of the following times:

(1) the acquisition of additional Membership Interests in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution;

(2) the distribution by the Company to a Member of more than a de minimis amount of property or money in consideration for Membership Interest in the Company if the Manager reasonably determine that such adjustment is necessary or appropriate to reflect the relative interests of the Members in the Company; and

(3) notwithstanding anything in subclause (2) above to the contrary, on the liquidation of the Company within the meaning of Treasury Regulation 1.704-1(b)(2)(ii)(g).

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution.

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

"**Manager**" means one or more managers elected by the Members pursuant to this Agreement and the Act. For so long as the Company has two or more Managers, all references to "Manager" in the singular shall, as the context so requires, refer to all of the Managers; and if the Company has only one Manager, then all references to "Manager" in the plural shall mean

and refer to the Company's sole Manager.

"**Major Capital Event**" means (i) the sale, exchange, condemnation, casualty loss or other disposition (whether voluntary or involuntary) of all or any portion of the Property or of any other material asset of the Company, excluding dispositions of personal property and equipment in the ordinary course of business, or (ii) recovery of damage awards and insurance proceeds (other than business or rental interruption insurance proceeds), or (iii) the placement of Financing upon any Property or other assets of the Company.

"**Majority in Interest**" means Members collectively holding more than 50% of the Percentage Interests.

"**Member**" means each Person who is either an initial signatory to this Agreement, or has been admitted to the Company as a Member in accordance with this Agreement.

"**Membership Interest**" or "**Interest**" means the entire interest of a Member in the Company, including the right to receive distributions, the right to vote and the right to receive information regarding the Company, as provided in this Agreement and the California Act.

"**Percentage Interest**" shall mean the percentage set forth next to a Member's name on Exhibit A, which shall be the percentage of a Member determined by dividing the number of Units held by such Member by the total number of Units then issued and outstanding.

"**Person**" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person, where the context so requires.

"**Priority Return**" means an amount equal to five percent (5%) per annum accrued on each Member's Unreturned Capital Contributions from time to time (determined on a cumulative but not compounded basis).

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

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses shall be included as if it were taxable income;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulation 1.704-1(b)(2)(iv)(i), shall be taken into account in computing such taxable income or loss as if they were deductible items.

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

(iv) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the Company shall compute such deductions based on the book value of Company property, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3).

(v) Any items which are specifically allocated to a Section 754 election, a recharacterization of a guaranteed payment as a distribution, a qualified income offset, minimum gain chargeback, nonrecourse deduction special allocation, or a gross income allocation shall not be taken into account in computing Profits and Losses.

(vi) Notwithstanding anything in this Agreement to the contrary, Profits and Losses shall be adjusted as necessary to ensure compliance with Treasury Regulation 1.704-1(b) or other applicable Treasury Regulations.

"**Reserves**" means, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in reasonable amounts deemed sufficient by the Manager for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Property and the Company's business.

"**Securities Laws**" means the federal Securities Act of 1933, as amended, and securities laws of the states.

"**Substituted Member**" means a transferee of a Membership Interest who has been admitted to the Company as a Member pursuant to Article 8, who has all the rights and obligations of membership pursuant to this Agreement.

"**Tax Distribution**" is defined in Section 5.6.

"**Transfer**" or "**Transferred**" shall mean any sale, assignment, transfer, conveyance, pledge, hypothecation, or other disposition voluntarily or involuntarily, by operation of law, with or without consideration, or other-wise (including, without limitation, by way of intestacy, will, gift, bankruptcy, receivership, levy, execution, charging order or other similar sale or seizure by legal process) of all or any portion of any Membership Interest. Without limiting the generality of the foregoing, the sale or exchange of at least fifty percent (50%) of the voting stock of a Member, if a Member is a corporation, or the Transfer of an interest or interests of at least fifty percent (50%) in the capital or profits of a Member (whether accomplished by the sale or exchange of interests or by the admission of new partners or members), if a Member is a partnership or limited liability company, or the cumulative Transfer of such interests in a Member which effectively equal the foregoing (including Transfer of interests followed by the incorporation of a Member and subsequent stock Transfers, or Transfers of stock followed by the liquidation of a Member and subsequent Transfers of interests) will be deemed to constitute a Transfer of the Member's entire Membership Interest.

"**Treasury Regulations**" means the Income Tax Regulations, including temporary regulations, promulgated under the Code, as amended from time to time.

"**Units**" means the interests of the Members in the Company. Units may be designated as Common Units or Profit Units, or such other designation as determined by the Manager.

"**Unreturned Capital Contribution**" means, with respect to each Member, such Member's Capital Contribution(s) made on or after the Effective Date reduced by the amount of cash and the Gross Asset Value of any Company property distributed to such Member pursuant to 5.1.2.2 (including by operation of Section 9.3.3). In the event any Member transfers all or any portion of such Member's Membership Interest in accordance with the terms of this Agreement, such Member's transferee shall succeed to the Unreturned Capital Contribution of the transferor to the extent it relates to the transferred Membership Interest.