

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Act of 1934  
Date of Report (Date of earliest event reported): May 21, 2004

SECURED DIVERSIFIED INVESTMENT, LTD.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

0-30653  
(Commission File Number)  
Identification No.)

80-0068489  
(IRS Employer

5030 Campus Drive  
Newport Beach, California  
(Address of Principal Executive Offices)

92660  
(Zip Code)

Registrant's telephone number, including area code: (949) 851-1069

Item 2. Acquisition or Disposition of Assets.

On May 14, 2004, the Company and Denver Fund I, Ltd. entered into a Lease Agreement (the "Lease Agreement") with Iomega Investments, Ltd. to lease The Cannery retail shopping center located on Flamingo Road in Las Vegas, Nevada. The Cannery is located on approximately 3.4 acres and has approximately 37,000 square feet of rentable space. Construction was completed between 1988 and 1992. The Cannery is currently 62% occupied and the average annual rent per square foot of existing tenants is \$17.40. The property was appraised for \$7,150,000 in December 2001 by Morgan, Beebe & Harper, Las Vegas, Nevada.

Pursuant to the Lease Agreement, the Company and Denver Fund I are entitled to receive all lease payments due from tenants and will pay Iomega Investments a monthly lease payment of \$36,066, which amount equals the monthly payment due on the first mortgage. The Company and Denver Fund I will also pay all taxes, insurance premiums and other expenses related to the property, including management fees and costs of maintenance. The Company has retained ARS Management (dba Shaw Associates Realty Services) as the property manager.

The Lease Agreement also provides that the Company and Denver Fund I will acquire the property for \$5,950,000, including assumption of the first mortgage in the principal amount of \$4,100,000. The remainder of the purchase price will be paid partially by the Company and partially by Denver Fund I. The Company will deliver 250,000 shares of the Company's Series C Preferred Stock (valued between the parties at \$3.00 per share) and a two-year promissory note in the principal amount of approximately \$155,000 bearing interest at an annual rate of 7%. The principal amount of the note is payable \$50,000 at the six month anniversary, \$50,000 at the 12 month anniversary and the remainder at maturity. Denver Fund I paid \$675,000 in cash from a 1031 exchange and assigned a note receivable in the principal amount of \$225,000 secured by real property in Reno, Nevada.

The Company then entered into a Tenants in Common Agreement with Denver Fund I pursuant to which the Company will have a 51% interest in the property and Denver Fund I will have a 49% interest. Denver Fund I will be entitled to a preferred return of 8% on its total investment of \$900,000, of which the Company has agreed to guarantee 6%. Thus, in the event that

cash flow from the property is less than \$54,000 per year, the Company will pay Denver Fund I the difference. The parties also agreed to grant mutual rights of first refusal. If either party desires to sell its interest in the property, then it must first offer the interest to the other party.

Item 7. Financial Statements and Exhibits.

- 2.1 Lease Agreement between Secured Diversified Investment, Denver Fund I and Iomega Investments, LLC dated April 28, 2004.
- 2.2 Option Agreement between Secured Diversified Investment, Denver Fund I and Iomega Investments, LLC dated April 28, 2004.
- 2.3 Escrow Instructions
- 2.4 Tenants in Common Agreement between Secured Diversified Investments and Denver Fund I dated May 5, 2004.
- 99.1 Press Release

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 24, 2004

SECURED DIVERSIFIED INVESTMENT, LTD.

By: /s/CLIFFORD L. STRAND

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Clifford L. Strand, Chief Executive Officer

EXHIBIT INDEX

- | Exhibit Number | Description  |
|----------------|--|
| 2.1            | Lease Agreement between Secured Diversified Investment, Denver Fund I and Iomega Investments, LLC dated April 28, 2004.  |
| 2.2            | Option Agreement between Secured Diversified Investment, Denver Fund I and Iomega Investments, LLC dated April 28, 2004. |
| 2.3            | Escrow Instructions  |
| 2.4            | Tenants in Common Agreement between Secured Diversified Investments and Denver Fund I dated May 5, 2004.                 |
| 99.1           | Press Release  |

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this 28th day of April, 2004 by and between IOMEGA INVESTMENTS, LLC hereinafter referred to as "Lessor", and SECURED DIVERSIFIED INVESTMENT, LTD AND DENVER FUND I, LTD, hereinafter referred to as "Lessee".

1. PREMISES. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor upon all of the terms and conditions set forth herein that certain real property situated in the City of Las Vegas, County of Clark, State of Nevada, commonly known as 3425, 3455, 3475 E. Flamingo Road.
2. TERM. The term of this lease shall be for a period of 4 years and 2 months, commencing as 12 noon on May 14, 2004 and continuing to and ending at 12 noon on July 1, 2008.
3. SALES ESCROW. Concurrently with the signing of this Lease Agreement, a sales escrow shall be opened at Alliance Title Co., Irvine, CA Escrow # 15007698.
4. CONDITION OF TITLE. Lessor agrees to furnish Lessee with a preliminary title report on the premises within ten (10) days after the opening of said escrow. Said escrow and the signing of this Lease Agreement are subject to Lessee's approval of said preliminary title report.
5. OPTION TO PURCHASE PREMISES. Lessor hereby grants to Lessee an option to purchase the premises at any time Lessee may elect before July 1, 2008 at the price of \$5,950,000.00. All documents necessary to convey title shall be deposited into said escrow within ten (10) days after the opening of said escrow. Lessee shall give said escrow company written notice of Lessee's election to exercise said option, at which time said escrow company shall cause to have title conveyed to Lessee and Lessee will accept the conveyance. Lessor agrees that the premises shall be conveyed to lessee by Grant Deed, free and clear of all encumbrances except taxes or assessments which in accordance with the provisions of the Lease Agreement are to be paid by Lessee, and the encumbrance(s) then of record. Lessor agrees to protect and defend Lessee, and the premises against foreclosure or loss by reason of any additional encumbrances on or after the 28th of April, 2004 which may be created by or through Lessor. The obligations of Lessor and Lessee under this agreement shall cease at the consummation of said escrow. Said escrow company shall, without further approval of Lessor, within a reasonable time after receipt of Lessee's notice of Lessee's election to exercise said option, cause to have said Grant Deed recorded in the County Recorder's office. In accordance with the terms of said escrow, lessee agrees to pay as consideration for said option the sum of \$1,850,000.00 as set forth in escrow, which sum shall be fully credited to the account of Lessee as part of said purchase price at the time said option is exercised.

6. RENT. In addition to being responsible for the payment of certain items in accordance with the provisions of Paragraph 7 hereof, Lessee agrees to pay through ARS Management DBA Shaw & Associates Realty Services, all income per month, and ARS Management DBA Shaw & Associates Realty Services shall from each such monthly payments paid by Lessee under the within Option and Lease Agreement pay: a) the sum of \$36,066.00, including required impound deposits, if any, to the holder of the first encumbrance of record and b) their monthly collection fee as detailed in separate management agreement. In the event the payment is not made within 10 days of due date, Lessee agrees to pay Lessor a late penalty fee commensurate with any late fee(s) imposed by lender of record.
7. NET RENT PROVISIONS. In addition to the basic rent specified herein under Paragraph 6, Lessee agrees to pay all taxes,

expenses, charges, damages and all sums which except for this Lease Agreement would have been charged against the premises, including, but not limited to, insurance policy premiums, real estate taxes, assessments for local improvements and other services supplied to the premises, together with all interest and penalties that may accrue thereon. Prorations of charges for the items mentioned under this Paragraph 7 shall be made between the parties as of the commencement date of this Lease and at the commencement Lessor shall submit to said escrow company evidence of payment of real property taxes on the premises.

8. USE OF PREMISES. The premises may be used for any purpose for which Lessee wishes to use them, and Lessor agrees that Lessor will not interfere with the use of the premises in any manner whatsoever.
9. MAINTENANCE AND REPAIRS. All maintenance and repairs of the premises shall be the obligation of Lessee; Lessor is specifically released from any duty in connection therewith.
10. INSURANCE. Lessee shall, at Lessee's expense, maintain and keep in effect, property damage liability insurance (naming Lessor as an additional insured in connection with the use or condition of the premises). Lessee shall also maintain and keep in effect a policy or policies of insurance covering the premises, providing protection against any peril included within the classification "Fire and Extended Coverage", together with insurance against vandalism and malicious mischief.
11. INDEMNITY. Lessee agrees to indemnify and hold Lessor harmless from any and all claims arising from Lessee's use of the premises.
12. DAMAGE OR DESTRUCTION. If the premises are damaged or partially destroyed by casualty covered under the insurance policy required to be maintained by Lessee pursuant to Paragraph 10 hereof, Lessor shall release to Lessee any interest of Lessor in said policy. If at any time during the term hereof the premises are totally destroyed, it is agreed between the parties that Lessee will exercise Lessee's option to purchase the premises, in which event said escrow will be closed and any claims, choses in action, insurance proceeds, claims against third parties, or any other rights of Lessor in connection with the premises shall be assigned to Lessee prior to the closing of said escrow.

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13. PERSONAL PROPERTY TAXES. Lessee shall pay all taxes assessed against and levied upon furnishings, equipment or other personal property on the premises.
14. UTILITIES. Lessee shall pay for all utilities of any type or nature on the premises.
15. ASSIGNMENT AND SUBLETTING. Lessee may assign this Lease or any interest therein or any part thereof or any right or privilege appurtenant thereto to any person, persons or other entity to occupy or use the premises, or any portion thereof. No further consent of Lessor shall be required.
16. GENERAL PROVISIONS.
  - a) It is clearly understood between the parties that this Lease shall become null and void at the close of said sales escrow.
  - b) Lessor agrees to keep the premises free of all liens and encumbrances of every kind except such as are incurred by Lessee and shall indemnify and hold harmless Lessee from and against any and all claims arising from any charge or encumbrance against the premises. Lessor agrees not to transfer, assign or convey any measure whatsoever, any interest in the premises to any other person, persons, corporation or other legal entity during the term of this lease. Regardless of the printed or typed provisions of this Lease Agreement,

Lessor may not encumber subject property.

c) Lessor agrees that Lessee shall be entitled to the following: tax credits for any interest paid by Lessee on loans against the premises; tax credits for any real estate taxes on the premises paid by Lessee; and credit for any principal paid by Lessee on Loans (equity build-up) against the property during the terms of this Lease, which amount shall be credited at the close of said sales escrow.

d) Any provisions of this Lease determined to be invalid by a court of competent jurisdiction shall in no way affect any other provision hereof.

e) Time is of the essence.

f) Article and paragraph captions are not a part hereof.

g) Any notice required or permitted to be given hereunder shall be in writing and mailed to SECURED DIVERSIFIED INVESTMENT, LTD 5030 CAMPUS DRIVE, NEWPORT BEACH, CA. 92660, and shall include a statement that such notice pertains to Escrow Number 15007698.

h) If either party herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to reasonable attorney's fees to be paid by the losing party as fixed by the court.

i) This Lease shall bind the parties, their personal representatives, successors and assigns; it shall be governed by the laws of the State of Nevada.

j) Lessor agrees to execute any documents required to effectuate refinancing of the premises in conjunction with the exercising of said option to purchase, and failing to do so within ten (10) days after written demand does hereby make, constitute and irrevocably appoint WILLIAM S. BIDDLE as attorney in fact to do so in Lessor's name, place and stead.

k) A Memorandum of Agreement is to be recorded and is made part of this Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement the 6th day of May, 2004.

LESSOR:

IOMEGA INVESTMENTS, LLC  
A NEVADA LIMITED LIABILITY CO.

BY:/s/Helen West

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HELEN E. WEST, MANAGING MEMBER

LESSEE:

SECURED DIVERSIFIED INVESTMENT, LTC

BY:/s/Clifford L. Strand

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C.L. STRAND, PRESIDENT

DENVER FUND I, LTD  
A COLORADO LIMITED PARTNERSHIP

BY CERTIFIED PROPERTY ADVISORS, LLC  
IT'S GENERAL PARTNER

/s/Paul F. Winger

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PAUL F. WINGER, MANAGING MEMBER

OPTION AGREEMENT

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This Agreement is made this 28th day of April 2004 at Irvine, California by IOMEGA INVESTMENTS, LLC hereinafter referred to as "Optionor", and SECURED DIVERSIFIED INVESTMENT, LTD AND DENVER FUND I, LTD hereinafter referred to as "Optionee".

Whereas, Optionor is the owner of certain real property situated in the City of Las Vegas, County of Clark, State of Nevada, and more particularly described as follows:

3425, 3455, 3475 E. Flamingo Road, Las Vegas, Nevada 89121

and;

Whereas, Optionee desires to acquire the exclusive right to purchase said property at an agreed price and under specified terms and conditions:

Now therefore, it is agreed as follows:

1. GRANT OF OPTION. Optionor hereby grants to Optionee the exclusive right to purchase said property at the price and under the terms and conditions as set forth in Escrow Number 15007698 at Alliance Title Company, Irvine, CA. and subject to a lease agreement in said escrow.
2. OPTION PERIOD. This option shall commence at 12 noon on May 14, 2004 and continue until 12 noon on July 1, 2008.
3. CONSIDERATION. This option is granted in consideration of Optionee's payment to Optionor of \$1,850,000.00, payable in the manner and method specified in the instructions of said escrow.
4. APPLICATION OF CONSIDERATION TO PURCHASE PRICE. If this option or any extension thereof is exercised in accordance with its terms then the consideration above, paid by Optionee to Optionor shall apply to the purchase price of \$5,950,000.00 however, in the event this Option shall not be so exercised by Optionee, then such consideration of \$1,850,000.00 shall be retained by Optionor.
5. EXERCISE OF OPTION. Optionee may exercise this option by notifying said escrow company in writing that the terms of said escrow have been completed. Said escrow company then shall proceed as directed in said escrow instructions.
6. ASSIGNABILITY OF OPTION. Optionee may assign this agreement. The assignment will be effective as to the Optionor upon notice thereof by Optionee to said escrow company only in accordance with the terms of said escrow.
7. NOTICES. Unless otherwise provided herein, any notice, tender or delivery to be given hereunder by either party to the other may be effected by delivery in writing to said escrow company, at which time said escrow company will perform according to said escrow instructions.
8. ENTIRE AGREEMENT. This instrument contains the entire agreement between the parties relating to the option herein granted. Any oral representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing, signed by the party to be charged.
9. ASSUMPTION OF RESPONSIBILITY. Optionor understands and agrees that the encumbrances of record on the real property which is the subject of this option, and the promissory notes secured thereby

may contain provisions providing for an election by the holders thereof to modify the note repayment terms, and, or, to accelerate the unpaid balances thereof in the event of any conveyance of title by Optionor, or of any act or agreement to so do, which may include or arise from the within Option and Lease Agreement. Optionee hereby expressly assumes and agrees to pay, and does now hold Optionor free and harmless from, any late charges, trustee's fees, prepayment penalties, increases in interest rates, assumption fees or expense, "points", or other costs or expense in connection with the modification, acceleration, assumption or retirement of either or all of the deeds of trust of record. Optionee and Optionor waive any claim against each other arising directly or indirectly from any such modification, acceleration, assumption, foreclosure, retirement or other acts of the holders of such encumbrances of record.

10. ATTORNEY'S FEES. In the event of any controversy, claim or dispute between the parties hereto arising out of or relating to this Agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.
11. A MEMORANDUM OF AGREEMENT. Said Memorandum to be recorded and is a part of this Agreement.
12. BINDING EFFECT. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Option Agreement the 6th day of May, 2004.

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OPTIONOR:

IOMEGA INVESTMENTS, LLC  
A NEVADA LIMITED LIABILITY CO.

BY: /s/Helen West

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HELEN E. WEST, MANAGING MEMBER

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OPTIONEE:

SECURED DIVERSIFIED INVESTMENT, LTD

BY: /s/Clifford L. Strand

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C.L. STRAND, PRESIDENT

DENVER FUND I, LTD

BY: CERTIFIED PROPERTY ADVISORS, LLC  
IT'S GENERAL PARTNER

/s/Paul F. Winger

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PAUL F. WINGER, MANAGING MEMBER





Exhibit 2.3

ESCROW INSTRUCTIONS

Escrow No: 15007698-383-BSB

To: Alliance Title Company  
18831 Von Karman Avenue, #380, Irvine, CA 92612  
Phone No.: (949) 724-4900

Date: May 4, 2004

Fax No.: (949) 724-4909

ALLIANCE TITLE COMPANY CONDUCTS ESCROW BUSINESS UNDER LICENSE TO ACT AS AN UNDERWRITTEN TITLE COMPANY NO. 368 ISSUED BY THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE.

ESCROW TO CLOSE ON OR BEFORE: JULY 1, 2008

PROPERTY ADDRESS IS: 3425, 3455, 3475 E. FLAMINGO RD., LAS VEGAS, NV AKA: THE CANNERY

Buyer/Optionee will take ownership subject to a new First Deed of Trust in the approximate amount of . . . . . \$4,100,000.00

Buyer/Optionee will hand you the balance of funds (plus closing costs, as applicable) the sum of (as further described below) . . . . . \$1,850,000.00

TOTAL CONSIDERATION. . . . . \$5,950,000.00

Furthermore, Seller and Buyer will execute and deliver an Option Agreement and a Memorandum Agreement and any additional instruments and/or funds which this escrow requires to complete the terms of this transaction as indicated below, and Buyer will execute and deliver any instruments and/or funds which this escrow requires.

Buyer/Optionee: SECURED DIVERSIFIED INVESTMENT, LTD, AS TO AN UNDIVIDED 51% INTEREST AND DENVER FUND I, LTD, A COLORADO LIMITED PARTNERSHIP AS TO AN UNDIVIDED 49% INTEREST AS TENANTS IN COMMON.

Seller/Optionor: IOMEGA INVESTMENTS, LLC, A NEVADA LIMITED LIABILITY COMPANY

INSTRUCTIONS:

The purpose of this escrow is to create an Option to Purchase subject property between the above parties and record a Memorandum of Agreement addressing same. In addition, Secured Diversified Investment LTD and Denver Fund I LTD are forming a Tenant in Common ownership subject to a Tenant in Common Agreement between the parties, the terms of which escrow holder is not to be concerned.

- 1. Buyer(s)/Optionee have satisfied themselves outside of escrow as to the status of subject property and have read, understand and approve the terms of the existing loan of record. The parties will provide Escrow Holder with the exact amount of principal balance prior to the close of escrow.

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- 2. The balance of funds owing shall be deposited as follows:
  - A. DENVER FUND I, LTD: 1. Cash in the amount of \$675,000.00 to be deposited by accommodator in connection with 1031 exchange. 2. Assignment of Note in the approximate amount of \$225,000.00 secured by property located in Washoe County, Nevada 1085 S. Virginia, Reno , NV in connection with 1031 exchange. Escrow holder to obtain title insurance coverage and charge Buyer for same. Any adjustments to be made in the cash amount owing/deposited.
  - B. SECURED DIVERSIFIED INVESTMENT, LTD,: 1. 250,000 shares of preferred stock in SDI valued at \$750,000.00. Said stock

transfer to be handled outside of escrow. 2. Note in favor of seller herein in the amount of \$200,000.00 bearing interest at the rate of 7.0% payable in monthly interest only installments beginning 30 days after close of escrow and continuing for 2 years. A \$50,000.00 principal reduction to be made on the six month anniversary date and the 12 month anniversary date and the \$100,000.00 remaining balance, and any interest thereon, to be due and payable in full at the end of the 2 year period subject to adjustments as provided for in paragraph 8 below.

3. Upon execution of these signed instructions, IOMEGA will provide to Buyer(s) for their review the following items: Building Plans, Tenant Estoppels, Phase I Survey, Property Condition Report, Site Plan. IOMEGA has already provided the following items to Buyer(s) for their review: Leases, 3 years historical operating detail, copies of all utility bills for the last 2 years, Appraisal, Property Photos, Copy of First Deed of Trust and Note.
4. Concurrently with these instructions, the parties herein have executed an Option Agreement and Lease Agreement dated April 28, 2004, the terms of which Escrow Holder is not to be concerned or liable.
5. IOMEGA acknowledges that a reserve account has been established with existing lender in the approximate amount of \$98,000.00 for capital improvements or tenant improvements. Seller/Optionor hereby assigns said account to Buyers/Optionees and will cooperate in having the lender release of any funds as requested/required.
6. Close of escrow date will be when Buyer (i) delivers written notification that is has obtained new financing and is able to payoff the existing loan of record without a prepayment penalty or (ii) upon Buyer's assumption of loan of record. Further, all disbursement of funds are to be made as of the date Escrow Holder is in a position to record Memorandum of Agreement.
7. Escrow Holder is instructed to prepare 2 Deeds granting title from IOMEGA. One to SECURED DIVERSIFIED INVESTMENT AS TO AN UNDIVIDED 51% INTEREST and one to DENVER FUND I, LTD AS TO AN UNDIVIDED 49% INTEREST said to be signed/accepted by both parties and returned to Escrow Holder to retain until closing date as previously disclosed.
8. Any difference in the principal balance of the existing note to be adjusted in the Note described in paragraph 2B above.

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9. Seller to provide Title Insurance issued by First American Title in the amount of \$5,950,000.00 covering the interest of optionee(s) herein.

INTENT TO EXCHANGE: SELLER ACKNOWLEDGES THAT IT IS THE INTENT OF DENVER FUND I, LTD THE BUYER TO EFFECT AN IRC 1031 TAX DEFERRED EXCHANGE WHICH WILL NOT DELAY THE CLOSING OR CAUSE ADDITIONAL EXPENSE TO THE SELLER HEREIN. BUYER'S RIGHTS MAY BE ASSIGNED TO A QUALIFIED INTERMEDIARY, FOR THE PURPOSE OF COMPLETING SUCH AN EXCHANGE. SELLER AGREES TO COOPERATE WITH THE QUALIFIED INTERMEDIARY IN A MANNER NECESSARY TO COMPLETE THE EXCHANGE.

#### PRORATIONS

There are to be no prorations in this transaction.

#### GENERAL PROVISIONS

1. Deposit of Funds & Disbursements  
All funds received in this escrow shall be deposited in a non-interest bearing account in one or more of your general escrow trust accounts with any financial institution doing business in the State of California and may be transferred to any other general escrow account or accounts. All disbursements shall be made by your check or other instrument as per your instructions. You are authorized not to close

escrow or disburse until good funds as provided for in California Insurance Code Section 12413.1 have been confirmed in escrow. Alliance Title shall not be responsible for any delay in closing if funds received by escrow are not available for immediate withdrawal. Delays in closing will occur if funding is by other than cash, bank wire, cashiers checks or similar type items payable through a California Bank. The accounts wherein funds are deposited and disbursed are insured under the specifications and regulations of the Federal Depositors Insurance Corporation (FDIC). You are not responsible for these deposits in the event of bank failure, nor will you provide any additional insurance on said deposits. You shall have no obligation to account for the value of any escrow-related accounting services and incidental benefits that may be provided to the company by any depository bank.

Incoming wire instructions:

Bank: COMERICA BANK  
Routing No.: 121137522  
Address: Detroit, Michigan, 48076  
Credit: Alliance Title Company  
Account No.: 1892530039  
Escrow No.: 15007698-383-BSB

2. Prorations

Unless otherwise specified in writing, all prorations and/or adjustments are to be made as of close of escrow on the basis of a 30-day month. As used herein, the expression, "C.O.E." is defined as "Close of Escrow." 'H.O. Dues,' as used herein, refers to any homeowners association or similar body which levies monthly or periodic assessments or dues for common area maintenance or similar matters. You are authorized to insert the actual date of recording in all notes as to commencement of interest and due date of first payment.

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3. Recordation of Instruments

You are authorized to record any documents delivered through this escrow, recording of which is necessary or proper in the issuance of the requested policy of title insurance. Seller/Borrower authorizes Alliance Title Company to collect fees for recordation of documents. Alliance Title Company has made their best determination of said charges prior to close of escrow and the seller or borrower is aware that they may differ from the actual fees.

4. Authorization to Execute Assignment of Insurance Policies

You may execute on behalf of the parties hereto, assignments of interest in any insurance policies, which are part of this escrow, and forward them upon close of escrow to the agent. With respect to fire insurance policies you shall be fully protected in assuming that such policy is in force and that the necessary premium therefore has been paid. In all acts in this escrow relating to insurance, including adjustments, if any, you shall be fully protected in assuming that each policy is in force and that the necessary premium therefore has been paid.

5. Authorization to Furnish Copies

You may furnish a copy of these instructions, amendments thereto, closing statements and/or any other documents to any real estate broker and/or lender involved in this transaction upon request of such lenders or brokers.

6. Personal Property Taxes

No examination or insurance as to the amount of payment of personal property taxes is required unless specifically requested.

7. Right of Cancellation

The principals may mutually instruct you to cancel the escrow by delivering to you written cancellation instructions executed by all the principals. Upon receipt of such instructions, you are authorized to comply with them, and demand payment of your cancellation charges. Alternatively, any principal may deliver to you a notice of

cancellation executed by that principal. Upon receipt of such notice, you shall deliver a copy of such notice to each of the other principals at the address in this escrow. UNLESS WRITTEN OBJECTION TO CANCELLATION IS FILED IN YOUR OFFICE BY A PRINCIPAL WITHIN TEN (10) DAYS AFTER DATE OF SUCH MAILING, YOU ARE AUTHORIZED TO COMPLY WITH SUCH NOTICE AND DEMAND PAYMENT OF YOUR CANCELLATION CHARGES. If written objection is filed, you are authorized to hold all money and instruments in this escrow and take no further action until otherwise directed, either by the principals' mutual written instructions, or by final order of a court of competent jurisdiction.

8. Action in Interpleader

The parties expressly agree that you, as escrow holder, have the absolute right at your election to file an action in interpleader requiring the parties to answer and litigate their several claims and rights among themselves and you are authorized to deposit with the clerk of the court all documents and funds held in this escrow. In the event such action is filed, the parties jointly and severally agree to pay your cancellation charges and costs, expenses and reasonable attorney's fees which you are required to expend or incur in the interpleader action. Upon the filing of the action, you shall be fully released from the obligations to further perform any duties otherwise imposed by the terms of this escrow.

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9. Termination of Agency Obligations

If there is no action taken on this escrow within six months after the time limit date set forth in the escrow instructions or written extension thereof, your agency obligation shall terminate at your option and all documents, monies, or other items held by you shall be returned to the parties depositing same. This shall not limit your right to withdraw as escrow agent from this transaction at any time. In the event of termination of your agency obligation, the parties shall pay your fees, charges and any expenses incurred, which shall be deducted from any and all deposits made to escrow.

10. Conflicting Instructions

No notice, demand, or change of these instructions shall be in effect unless given in writing. Should you before or after close of escrow receive or become aware of any conflicting demands or claims with respect to this escrow of the rights of any of the parties hereto, or any money or property deposited herein or affected hereby, you shall have the right to discontinue any or all further acts on your part until such conflict is resolved to your satisfaction, and you shall have the further right to commence or defend any action or proceedings for the determination of the conflict as provided in paragraphs 7 and 8 of these General Provisions. The parties hereto jointly and severally agree to pay all costs, damages, judgments and expenses, including reasonable attorney's fees, suffered or incurred by you in connection with, or arising out of this escrow, including, but without limiting the generality of the foregoing, a suit interpleader brought by you. In the event you file a suit in interpleader you shall be fully released and discharged from all obligations imposed upon you in this escrow.

11. Purchase Contract

Notwithstanding the fact that you may have been provided with a copy of the Purchase Contract in relation to subject property for information purposes, your liability to the undersigned is limited solely to your compliance with these instructions, and any modifications hereto given in writing prior to close of escrow; and any policy of title insurance issued in connection herewith naming the undersigned as an insured.

The undersigned acknowledge that you, as escrow holder, are not charged with the responsibility of interpreting the provisions of any contract which may be the basis for this transaction, or making any disclosures relative to such provisions, or otherwise, even though you may have been provided a copy of such contract for information purposes. Your liability as escrow holder is limited solely to your compliance with these instructions and any supplements, addendums and amendments thereto delivered in writing.

12. Funds Retained in Escrow

If for any reason, funds are retained or remain in escrow more than 90 days after closing date, you are to deduct therefrom a reasonable monthly charge as custodian thereof of not less than \$25.00 per month. Instruments that are not negotiated within six months are considered stale date and are considered to be held in escrow and are subject to the fees described above to be assessed from the date of the instrument.

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13. Usury

You are not to be concerned with any question of usury in any loan or encumbrance involved in the processing of this escrow and you are hereby released of any responsibility or liability therefore. Furthermore, notwithstanding the Note has been executed, you are authorized to insert the actual date of recording in all Notes as to the commencement of interest and due date of the first payment, unless otherwise instructed.

14. Indemnity for Attorneys Fees and Costs

In the event suit is brought by any party to this escrow, including the title company or any other party, as against each other or others, including the title company, claiming any right they may have as against each other or against the title company, then in that event, the parties hereto agree to reimburse, indemnify and hold harmless the title company from and against any loss, attorney's fees, expenses and costs incurred by it.

15. Destruction of Documents

You are authorized to destroy or otherwise dispose of any and all documents, papers, instructions, correspondence and other material pertaining to this escrow at the expiration of seven years from the close of escrow or cancellation thereof, without liability and without further notice to parties to the transaction.

16. Tax Reporting And Withholding Obligations of the Parties

Federal Law

Internal Revenue Code Section 1445 places special requirements for tax reporting and withholding on the parties to a real estate transaction where the seller is a nonresident alien, a non-domestic corporation or partnership, a domestic corporation or partnership controlled by non-residents or non-resident corporations or partnerships.

With respect to both California and federal law, the undersigned represents and warrants to Escrow Agent that the undersigned is relying on an attorney's, accountant's or other tax specialist's opinion concerning the effect of these laws on this transaction or on the undersigned's own knowledge of these laws. The undersigned is not acting on or relying on any statements made or omitted by Escrow Agent with respect to tax reporting or withholding requirements.

Seller is aware that Federal Tax Law requires that escrow holder be provided with correct taxpayer identification information. Escrow holder must then report the transaction to the Internal Revenue Service including the seller's social security number or taxpayer identification number and the gross consideration.

Federal Legislation requires that a buyer(s) and a seller(s) must provide the Internal Revenue Service the Taxpayer Identification Number of the party to whom interest is paid or received. This reporting is the sole responsibility of the buyer and the seller. If you will be paying or receiving interest, you are encouraged to exchange Taxpayer Identification Numbers at this time. Alliance Title Company is authorized to provide to the other party your TIN (Social Security Number) by providing the other party with a copy of this upon written request.

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State Law

In accordance with Section 18662 of the Revenue & Taxation Code, a

buyer may be required to withhold an amount equal to 3 and 1/3 percent of the sales price in the case of the disposition of California real property interest by either:

1. A seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the seller, OR
2. A corporate seller that has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500.00). However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000.00), OR
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a corporation with a permanent place of business in California, OR
3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, certifying:
  - a. That the California real property being conveyed is the seller's principal residence (within the meaning of Section 121 of the Internal Revenue Code).
  - b. That the California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.
  - c. That the California real property being conveyed has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the seller intends to acquire property similar or related in service or use so as to be eligible under Section 1033 of the Internal Revenue Code.
  - d. That the California real property transaction will result in a loss for California income tax purposes.

The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement. The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant a reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.

The parties to this transaction should seek the professional advice and counsel of an attorney, accountant or other tax specialist's opinion concerning the effect of this law on this transaction and should not act on any statements made or omitted by the escrow or closing officer.

17. Supplemental Taxes

Supplemental tax bills, when issued and posted, may not be immediately available; therefore, there may be a gap in time where the bill may be posted but we would not have knowledge of it. Therefore, in the event a supplemental tax bill is issued by the County Tax Collector after the date of the above mentioned preliminary title report or after the close of escrow and transfer of title, the undersigned parties agree to handle any adjustment which might result from such supplemental tax bill directly between themselves.

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18. Exchanges

In the event this transaction is an exchange or part of an exchange, the parties acknowledge the escrow holder has made no representations whatsoever regarding the sufficiency or effect of this transaction in relation to applicable federal and state tax laws. It is further acknowledged by the parties that they have been advised by escrow holder to seek the counsel of their own tax attorney or certified public accountant for the determination of any tax consequences of this exchange.

The undersigned fully indemnify and hold escrow holder harmless from any loss or damage which the parties may sustain in the event this transaction fails to qualify for any special tax treatment.

19. Amendment to Escrow Instructions and Counterpart Approval  
Any amendment or supplement to these escrow instructions, amendments and supplements must be in writing. Collectively, these escrow instructions constitute the entire escrow between the escrow holder and the parties. These escrow instructions, amendments and supplements may be executed in one or more counterparts each of which independently shall have the same effect as if it were the original, and all of which taken together shall constitute one and the same instructions.
  20. Agreement of Co-Operation (Unjust Enrichment)  
In the event that any party to this escrow receives funds or is credited with funds that they are not entitled to, for whatever reason, they agree, upon written demand, to return said funds to the proper party entitled or to the escrow for disbursement. In the event that suit is brought to enforce the return of said funds, the parties agree to reimburse the prevailing party their reasonable attorney fees.
  21. Escrow Responsibility  
We understand that Escrow is acting under this Agreement as a depository only and its sole responsibility shall be to comply with the written instructions given to and accepted by Escrow under this Agreement. Your duties under this Agreement shall be limited to the safekeeping of money, instruments, or other documents received by you as the Escrow Agent, and for the disposition of the money, instruments or other documents received by you in accordance with the instructions contained in this Agreement. Escrow shall have no duty, obligation or responsibility to undertake any of the following actions: (a) to inquire into the sufficiency, correctness, genuineness, form, substance, manner of execution, validity or enforceability of any document; (b) to inform either Seller or Buyer of any facts which Escrow may have acquired outside the transaction between Seller and Buyer; (c) for any loss suffered by either Seller or Buyer attributed to defects in the Title to the Real Property except for a loss caused by Escrow's failure to obtain the required Title insurance or Title coverage. We will not reveal nonpublic personal customer information to any external non-affiliated organization unless we have been authorized by the customer , or are required by law.
  22. Fax/Telecopy Instructions  
In the event Buyer(s), Seller(s) or other Parties to the Escrow utilize "facsimile" transmitted signed documents, Buyer(s) and Seller(s) hereby agree to accept, and instructs the Escrow Holder to rely upon such documents as if bearing the original signatures. Buyer(s) and Seller(s) further acknowledge and agree that documents necessary for recording by the County Recorder must be original signatures, and therefore, non receipt of the original documents to record can delay the close of escrow.
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23. Copy Quality  
Any copies provided to us from the County Recorder are the best available copies and Alliance Title Company is relieved from any liability or responsibility for the clarity of the copies
  24. Preliminary Change of Ownership (PCOR Statement)  
Buyer(s) will hand you before close of escrow a completed "Preliminary Change of Ownership" Statement which you are hereby instructed to file accompanied by the Grant Deed with the County Recorder; or in the absence or rejection thereof you will pay from Buyer's funds an additional \$20.00 if required by the County Recorder . It is understood that Escrow does not have sufficient information to complete this form and will not be required to furnish information therefore. In the event the Preliminary Change of Ownership Statement is rejected, Buyers understand that they will be required to file a Change of Ownership Statement that should be mailed to them with the recorded Grant Deed from the County Recorder's Office, after close of escrow. Buyers are aware that by law this requirement must be met



within 45 days from recordation of their Grant Deed or they may be assessed additional penalties.

Application of Payoff Funds

Should a check or wire be deemed unacceptable by lenders, creditors, lien holders or beneficiaries of Deeds of Trust, you are authorized to act on our behalf in requesting the funds, as well as any balance in an impound account, be applied towards the balance due.

Alliance Title Company is specifically directed to follow these instructions only and has no responsibility to follow the terms of any prior agreements entered into between the parties herein. It is agreed and understood that these Escrow Instructions shall be the whole and only agreement between the parties with regard to the instructions to, and obligations of, Alliance Title Company, and shall supersede and cancel any prior instructions. The undersigned parties jointly and severally agree to hold Alliance Title Company harmless from and against any and all damages or liability, therefore, loss, costs, charges, attorneys' fees or other expenses which Alliance Title Company shall or may at any time suffer, sustain or incur by reason of or in consequence of complying with the foregoing instructions.

Although time is of the essence in these instructions, they shall be effective until revoked by written demand and authorization satisfactory to you, or as defined in paragraph #9 of these General Provisions.

SHOULD THE PARTIES HAVE ANY QUESTIONS CONCERNING THE SIGNING OF DOCUMENTS OR THE INTERPRETATION OF THESE INSTRUCTIONS, THEY ARE ADVISED TO CONSULT THEIR ATTORNEY.

If these instructions refer to a sale, the seller agrees to sell and the buyer agrees to buy the property herein described upon the terms hereof. I agree to pay usual buyer's charges as customary in ORANGE County, CALIFORNIA. All disbursements are to be made by your company check. Buyer's refund, if any, will be disbursed in the form of one check payable to the order of ALL Buyers unless Escrow Holder is provided with written instructions from all Buyers to do otherwise. Such checks require the personal endorsement of all payees to be negotiable.

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SECURED DIVERSIFIED INVESTMENT, LTD

/s/Clifford L. Strand  
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C. L. STRAND, PRESIDENT

DENVER FUND I, LTD, A COLORADO LIMITED PARTNERSHIP

BY: CERTIFIED PROPERTY ADVISORS, LLC, ITS GENERAL PARTNER

BY: /s/Paul F. Winger  
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PAUL F. WINGER, MANAGING MEMBER

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I/We approve of the foregoing instructions and agree to sell and will deliver to you a properly executed Grant Deed, papers, instruments and/or funds required from me within the time limit specified herein, which you are authorized to deliver when you can issue your policy of title insurance as set forth above. I/We agree to pay any personal property taxes, or escaped assessments properly chargeable to me. You are instructed to use

the money and record the instruments to comply with said instructions and to pay all encumbrances of record necessary without further approval including prepayment penalties to show title as herein provided. I agree to pay all usual and customary costs and such other charges which are advanced for my account regardless of the consummation of this escrow, deducting same from my net sale proceeds. The undersigned Seller(s) hereby instruct Alliance Title Company to disburse their proceeds as follows:

- Hold check for pick up at your Alliance Title Company office in/at
- Authorize check to be picked up by:  
Name: \_\_\_\_\_
- Call when check is ready for pickup, phone # \_\_\_\_\_, contact \_\_\_\_\_
- Mail check to: Name: \_\_\_\_\_  
Address: \_\_\_\_\_
- Transfer proceeds to: Escrow No. \_\_\_\_\_  
Title company \_\_\_\_\_  
Address \_\_\_\_\_
- Other - see attached sheet for further instructions

IOMEGA INVESTMENTS LLC,  
A NEVADA LIMITED LIABILITY COMPANY

\_\_\_\_\_  
HELEN E. WEST, MANAGING MEMBER      Date

TENANTS IN COMMON AGREEMENT

This agreement made this 5th day of May, 2004 by and between Denver Fund I, Ltd. herein referred to as (Denver Fund I), a Colorado Limited Partnership whose General Partner is Certified Property Advisors LLC.

And

Secured Diversified Investment, Ltd., herein referred to as (SDI), a Nevada Public Corporation.

Pursuant to the closing of Alliance Title Escrow No. 15007698 343 BSB wherein the parties to this agreement received two Grant Deeds for property known as the Cannery Shopping Center in Las Vegas, Nevada. Said grant deeds were accepted by the parties on May 14, 2004, and held unrecorded.

Pursuant to an Agreement executed as part of said escrow, the parties are in full operating control and derive the revenue from the Cannery Shopping Center with all the benefits of ownership.

It is the intent of the parties to record said deeds upon the happening of one of the following events:

- 1). Assumption of the existing first mortgage.
- 2). The obtaining of a new mortgage sufficient to pay off the existing mortgage.
- 3). Or as further determined by the parties in title.

Whereas, Denver Fund I, has accomplished a tax deferred exchange in accordance with section 1031 of the Internal Revenue Code and conveyed consideration in the amount of \$900,000.00 as further set forth in said escrow. And SDI, Ltd. has invested and conveyed \$950,000.00 in consideration, by virtue of issuing 250,000 Shares of Series "C" preferred stock at a value of \$750,000.00 (\$3.00/Share) and a Corporate Note in the amount of \$200,000.00

The undivided Tenants in Common interest of each party is as follows:

- 1). SDI, Ltd. 51%
- 2). Denver Fund I. 49%

The purpose of this document is to define the interests of the respective parties.

NOW, THEREFORE in consideration of the mutual promises of the parties and for other good and valuable considerations, the sufficiency of which is agreed to and acknowledged by the parties, be it agreed as follows:

A. Nature of the relationship between SDI, Ltd. and Denver Fund I as Co-Tenants.

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SDI, Ltd. and Denver Fund I will hold their respective interests as Tenants in Common. They plan to maintain the relationship as Tenants in Common and not file under IRS Code as Partners or Joint Venturers.

B. Duration of the Relationship.

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The term of this agreement shall begin at Closing and continue as long as the Co-Tenants own the property. It is the intent of the parties to own it at least 10 years, or as otherwise determined mutually between parties. After that time, at a mutually agreeable time the property may be sold, at which time this Tenants in Common Agreement will terminate.

C. Operation of the Property.

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Concurrently with the acquisition, the Co-Tenants have hired a Management Company to manage and lease the property. SDI, Ltd. will

appoint William Biddle, or another person, and Denver Fund I will appoint Paul Winger, or another person, to oversee the Management Company and consult when necessary.

D. Income Distributions from operation of the Property.  
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This agreement sets forth a distribution of monthly cash flow and profits from the operation. The Co-Tenants agree that the distributions of cash flow will be made in this order:

First, Denver Fund I will receive the first \$72,000.00 of net income generated per year this represents an 8% return on the capital contribution of \$900,000.00. In the event that there are not sufficient monies to pay the entire 8% - up to 2% will be accrued. SDI will be responsible to see that there is enough income to pay Denver Fund I 6% per year.

Second, to reimburse SDI, Ltd. for any payments made to Denver Fund I pursuant to preceding sentence.

Third, to SDI, Ltd. in amount equal to funds received by Denver Fund I.

Fourth, to Denver Fund I and SDI, Ltd. in proportion to their respective ownership (49%/51%).

E. Fiscal Matters.  
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- 1). The fiscal year will be the calendar year.
- 2). The bank account and accounting and distribution of cash will be handled by SDI, Ltd.
- 3). The legal address for notices, etc. will be SDI, Ltd.
- 4). The CPA will be chosen by SDI, Ltd.
- 5). The CPA will provide individual tax returns to each Co-Tenant not filing as a partnership or joint venture.

F. Financing or Refinancing.  
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It is the intention of the Co-Tenants to either assume the existing 1st loan or apply for a new loan. Both Co-Tenants agree to cooperate and participate in the financing.

G. Transfer, Right to Sell or Encumber.  
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Each of the Co-Tenants may sell-convey, pledge, hypothecate, encumber or transfer its undivided interest in the property. However, in each instance of a change in the ownership status, either as a conveyance or an encumbrance, the following must happen:

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- 1). The other Co-Tenant must be given the first right of refusal on exactly the same monetary terms as given to the third party.
- 2). The first right shall be given for 30 days within which time the other Co-Tenant will notify of its intent to perform or pass. If the Co-Tenant exercises thereby its intent to meet the conditions, that Co-Tenant will be given 30 additional days to close. This first right shall apply equally to transfer, sale or encumbrance.
- 3). In the event of exercise of this right, any transferee must acknowledge this agreement and agree to perform its terms, covenants, conditions and responsibilities and the transferor will assign its interest herein along with a transfer of the undivided interest in the property.

H. Responsibility for Additional Funds if necessary.  
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If any funds are needed to maintain the operation or to provide Tenant improvements, each Tenant in Common will be responsible for its pro-rata share (51%/49%).

I. Sale of the Property.  
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In the event of a sale, both Tenants must agree to the terms and conditions of sale. If no agreement can be reached, the parties will enter into a standard buy-sell agreement with the same time limits as apply to the first Right of Refusal as outlined in (G) above. If an acceptable



Exhibit 99.1

Press Release

SOURCE: Secured Diversified Investment, Ltd.

Secured Diversified Investment, Ltd. Acquires Controlling Interest in Las Vegas Retail Center

Newport Beach, CA May 26, 2004 -- Secured Diversified Investment, Ltd. (OTC Bulletin Board: SCDI), a diversified real estate holding and financial services company, today announced that the company has acquired the controlling interest in "The Cannery West Specialty Retail Center" (an entire city block), located at 3475 East Flamingo Road Las Vegas, Nevada.

On May 14, 2004, the Company and Denver Fund I, Ltd. consummated an agreement with Iomega Investments, Ltd. for The Cannery retail shopping center, located on Flamingo Road in Las Vegas, Nevada.

"The acquisition was made possible by William Biddle, Vice-President of Business Development and Acquisitions for Secured Diversified Investment, Ltd., who used creative structuring to resolve a number of seller's problems, including default on existing second mortgage," stated CEO Cliff Strand.

The Cannery is located on approximately 3.4 acres and has approximately 37,000 sq. ft of retail space.

"We believe that The Cannery is a substantial opportunity to increase value by increasing and stabilizing occupancy," added Strand.

Secured Diversified Investment, Ltd will deliver 250,000 shares of the Company's Series C Preferred Stock (valued between the parties at \$3.00 per share) and a two-year Promissory note in the principal amount of approximately \$155,000 bearing interest at an annual rate of 7%. The principal amount of the note is payable \$50,000 at the six month anniversary, \$50,000 at the 12 month anniversary and the remainder at maturity.

Pursuant to the lease agreement, the Company and Denver Fund I are entitled to receive all lease payments from tenants. The lease/option agreement provides that the Company and Denver Fund I will acquire the property for \$5,950,000. The Cannery was appraised for \$7,150,000 in December 2001.

About Secured Diversified Investment, Ltd.

Secured Diversified Investment, Ltd. is a diversified real estate holding and financial services company. The Company diversifies by industry segment and geographically by acquiring and owning / managing office buildings, shopping centers, hotels, apartment buildings and self storage buildings in various markets in the Western United States. The company estimates that the net fair market value of its portfolio to be approximately \$5.0 million.

The Company intends to build a portfolio of income generating assets that will be, as a whole, less sensitive to economic downturns in any particular region of the United States or in any particular industry. Presently, the focus is on acquiring properties valued in the \$5-20 million range.

Note: Certain statements in this news release may contain "forward looking" information within the meaning of rule 175 under the Securities Act of 1933 and Rule 3b-6 under the Securities Act of 1934 and are subject to the safe harbor created by those rules. There can be no assurance that such forward-looking statements will be accurate and actual results and future events could differ materially from those anticipated in such statements.

Contact:  
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