

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: June 30, 2005

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period _____ to

Commission File Number: 000-30653

Secured Diversified Investment, Ltd.

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

80-0068489

(IRS Employer Identification No.)

4940 Campus Drive, Newport Beach, California, 92660

(Address of principal executive offices)

(949) 851-1069

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 15,627,139 shares of Common Stock as of August 15, 2005.

Transitional Small Business Disclosure Format (check one): Yes No

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I - FINANCIAL INFORMATION</u>	
Item 1: <u>Financial Statements</u>	3
Item 2: <u>Management's Discussion and Analysis</u>	4
Item 3: <u>Controls and Procedures</u>	9
<u>PART II - OTHER INFORMATION</u>	
Item 1: <u>Legal Proceedings</u>	10
Item 2: <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	10
Item 3: <u>Defaults Upon Senior Securities</u>	11
Item 4: <u>Submission of Matters to a Vote of Security Holders</u>	11
Item 5: <u>Other Information</u>	11
Item 6: <u>Exhibits</u>	11

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The Company's unaudited condensed consolidated financial statements included in this Form 10-QSB are as follows:

- (a) Unaudited Condensed Consolidated Balance Sheet as of June 30, 2005;
- (b) Unaudited Condensed Consolidated Statements of Operations for the three and six month periods ended June 30, 2005 and 2004;
- (c) Unaudited Condensed Consolidated Statements of Cash Flow for the six month period ended June 30, 2005 and 2004;
- (d) Notes to Unaudited Consolidated Financial Statements.

These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-QSB. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended June 30, 2005 are not necessarily indicative of the results that can be expected for the full year.

SECURED DIVERSIFIED INVESTMENT, LTD.
Consolidated Balance Sheet
(Unaudited)
June 30, 2005

ASSETS

Properties, net of accumulated depreciation \$103,115.89	\$ 1,966,547
Equipment, net of accumulated depreciation \$6,265.00	10,150
Cash and cash equivalents	12,022
Receivables	1,960
Note Receivable	107,500
Prepaid Expenses	20,965
Restricted Cash	470,000
Other Assets	15,275
Total Assets	\$ 2,604,418

LIABILITIES AND STOCKHOLDERS' EQUITY

Mortgages payable	1,396,698
Mortgages payable, related parties	223,630
Notes payable	314,500
Notes payable, related parties	187,715
Interest Payable	45,266
Accounts payable, accrued expenses and other liabilities	471,580
Total Liabilities	2,639,389

Minority Interest	124,513
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STOCKHOLDERS' EQUITY

Unissued Shares	192,500
Series A Preferred Stock, 7,500,000 shares authorized, \$0.01 par value, 7,109,600 issued & outstanding	71,097
Series B Preferred Stock, 20,000,000 shares authorized, \$0.01 par value, 160,861 issued & outstanding	1,609
Series C Preferred Stock, 22,500,000 shares authorized, \$0.01 par value, 250,000 shares issued & outstanding	2,500
Common Stock, 100,000,000 shares authorized, \$0.001 par value, 15,627,139 issued and outstanding	15,218
Paid In Capital	8,574,351
Accumulated Deficit	(8,788,688)
Net Income	(228,072)
Total Equity	(159,484)

Total Liabilities & Stockholders' Equity	\$ 2,604,417
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The accompanying notes are an integral part of these consolidated financial statements.

SECURED DIVERSIFIED INVESTMENT, LTD.
Consolidated Statements of Operations
(Unaudited)

	Three Month Periods Ended		Six Month Periods ended	
	June 30		June 30	
	2005	2004	2005	2004
REVENUES:				
Rental Income	\$ 136,180	\$ 143,228	\$ 283,650	\$ 283,238
Brokerage	15,821	1,125	108,409	6,567
Total Net Revenues	152,000	144,353	392,060	289,805
OPERATING EXPENSES:				
General and Administrative Expenses	681,962	1,194,580	1,500,078	1,723,317
Operating Loss	(529,962)	(1,050,227)	(1,108,018)	(1,433,512)
Other Income and (Losses)				
Gain on Equity Investment	20,415	(4,289)	36,204	(4,289)
Interest Expense	(55,662)	(25,219)	(107,424)	(76,393)
Interest Income	24,874	1,647	27,302	7,547
Minority Interest	13,369	(3,036)	22,882	2,990
Other	608,950	(26,700)	610,821	(35,780)
Total Other Income and Losses	611,946	(57,597)	589,786	(105,925)
Net Income (Loss) from continuing operations	81,984	(1,107,824)	(518,233)	(1,539,437)
Discontinued Operations:				
Net Income (Loss)	-	37,506	290,161	(74,896)
NET INCOME (LOSS)	\$ 81,984	\$ (1,070,318)	\$ (228,072)	\$ (1,614,333)
Net income (loss) per share, continuing operations		\$ (0.13)		\$ (0.18)
Net income (loss) per share, discontinued operations		\$ 0.01		\$ (0.01)
Basic and diluted loss per share	<u>\$ 0.01</u>	<u>\$ (0.12)</u>	<u>\$ (0.02)</u>	<u>\$ (0.19)</u>
Basic and diluted weight average shares	<u>13,068,155</u>	<u>8,624,539</u>	<u>13,068,055</u>	<u>8,552,176</u>

The accompanying notes are an integral part of these consolidated financial statements.

SECURED DIVERSIFIED INVESTMENT, LTD.
Consolidated Statements of Cash Flows
(Unaudited)

	Six Month Periods ended June 30	
	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net Loss	(228,072)	\$ (1,614,333)
Adjustment to reconcile net loss to net cash provided by operating activities:		
Depreciation and Amortization	23,943	84,725
Consulting prepaid expense	140,000	
Minority Interest	(22,882)	(2,990)
(Gain) Loss on equity investment	(36,204)	4,289
(Gain) on disposal of subsidiary	(290,161)	-
Issuance of shares for consulting and real estate services	143,125	697,905
Issuance of shares	50,000	-
(Increase) decrease in assets and liabilities:		
Receivables	43,063	33,819
Inventory	-	2,489
Note Receivable	(870,500)	400,000
Prepaid expenses	(165,499)	18,543
Accrued interest added to notes payable	(7,098)	-
Payroll liabilities	615,102	-
Accounts payable, accrued expenses	7,424	489,998
Net cash provided (used) by operating activities	<u>(597,759)</u>	<u>114,445</u>
Cash flow to investing activities:		
Collection of note receivable	-	52
Purchase of equipment	(14,963)	-
Investment in real estate	(50,000)	(400,000)
Proceeds from sale of real estate	-	400,000
Proceeds from sale of subsidiary interest, net of investment	629,759	-
Net cash provided in investing activities	<u>564,796</u>	<u>52</u>
Cash flows from financing activities:		
Proceeds from stock issuance	-	45,000
Minority Interest	22,882	34,128
Proceeds on notes payable - related party	10,000	150,000
Payments on notes payable - related party	(19,258)	(342,197)
Proceeds from notes payable	62,500	-
Payments on notes payable	(66,572)	(27,762)
Net cash provided by (used in) financing activities	<u>9,552</u>	<u>(140,831)</u>
Net increase (decrease) in cash	(23,411)	(26,334)
Cash, beginning period	35,433	125,545
Cash, end of period	<u>12,022</u>	<u>\$ 99,201</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 93,628</u>	<u>\$ 152,341</u>
Cash paid for income tax	<u>\$ 800</u>	<u>\$ -</u>
Non-cash investing and financing activities:		

Property acquired through stock issuances, net of debt	\$ -	\$ 367,500
Property acquired through stock issuances, net of debt	\$ -	\$ 33,930
Stock issued to Director for Notes Payable	\$ -	\$ 25,000
net of debt	\$ -	\$ -
Conversion of note to stock	\$ 10,976	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

NOTE 1 - Basis of presentation and Going Concern

Basis of presentation:

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for the presentation of interim financial information, but do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. The audited consolidated financial statements for the year ended December 31, 2004 were filed on May 18, 2005 with the Securities and Exchange Commission and is hereby referenced. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three-month and six-month periods ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005.

Going concern:

The accompanying financial statements have been prepared in conformity with generally accepted accounting principle, which contemplate continuation of the Company as a going concern. However, the Company has accumulated deficit of \$8,788,687 as of June 30, 2005. The Company reported a net loss of \$228,072 on June 30, 2005. The continuing losses continue to adversely affect the Company's liquidity and ability to operate. The Company continues to face serious significant business risks including, but not limited to, its ability to maintain vendor and supplier relationships by making timely payments when due.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management intends to refinance existing properties and use the proceeds to fund operating shortfalls. There are no assurances that the refinancing will occur or that the cash it generates will be adequate to meet the Company's cash requirements, which will affect the Company's ability to continue to operate. In addition, the Company intends to raise additional funds through a private placement of its securities. However, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

NOTE 2 - Nature of Operations

The Company was incorporated under the laws of the state of Utah on November 22, 1978. On July 23, 2002, the shareholders approved a change in domicile from Utah to Nevada. In accordance with Nevada corporate law, a change of domicile is effected by merging the foreign corporation with and into a Nevada corporation. On August 9, 2002, a merger between the Company and Book Corporation of America was completed. Upon completion of the merger Book Corporation of America was dissolved. On September 18, 2002, the OTCBB symbol for the Company's common stock was changed from BCAM to SCDI. The shareholders also approved amendments to the Company's Articles of Incorporation to change the par value of the Company's Common Stock from \$.005 to \$.001 and to authorize 50,000,000 shares of Preferred Stock, par value \$0.01. On November 15, 2002, the Company

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

changed its fiscal year end from October 31 to December 31.

During 2002, the Company began pursuing the acquisition of ownership interests in real estate properties that are geographically and functionally diverse in order to be more stable and less susceptible to devaluation resulting from regional economic downturns and market shifts. Currently, the Company owns shopping centers in Dickinson, North Dakota; Las Vegas, Nevada; and Orange, California; the Company also owns a single story office building in Newport Beach, California and an undeveloped vacant lot in Dickinson, North Dakota. The Company is currently focusing on acquiring properties in markets with strong regional economies. However, there are no certainties that the Company will be able to acquire any properties unless it raises capital.

NOTE 3 - Significant Accounting Policies

Consolidation. The accompanying consolidated financial statements include the accounts of the Company and its wholly and majority owned subsidiaries, which include Diversified Commercial Brokers (DCB) LLC (53.8%), Nationwide Commercial Brokers, Inc. (100%) - with limited operations to date; Decatur Center LLC (100%) - an inactive company; and Diversified Commercial Mortgage LLC (100%) - an inactive company. All material inter-company transactions and balances have been eliminated.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; for example, the estimated useful lives of assets and the fair value of real property. Accordingly, actual results could differ from those estimates.

Credit and concentration risk. The Company maintains deposit accounts in numerous financial institutions. From time to time, cash deposits may exceed Federal Deposit Insurance Corporation limits. The Company maintains a certificate of deposit, in excess of federal deposit insurance limits, as collateral for a line of credit.

Revenue recognition. The Company's revenues are derived from rental income and brokerage commission fees derived from the sale of third party real estate transactions. Rental revenues are recognized in the period services are provided. Brokerage commission fees are recognized when revenue is received.

Cash and cash equivalents. The Company considers all short term, highly liquid investments, that are readily convertible to known amounts within ninety days as cash equivalents. The Company currently has no such investments.

Restricted cash. The Company is required by a lender to maintain a \$70,000 deposit in a bank account at the lender's financial institution. The deposit and 1st trust deed on real property serve as collateral for the loan. The deposit is returnable subject to the borrower meeting certain payment and financial reporting conditions. The Company also maintains a \$400,000 deposit in a bank as collateral for a line of credit of \$400,000.

Property and equipment. Property and equipment are depreciated over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the lease term or the estimated life of the asset. Depreciation and amortization is computed on the straight-line method. Repairs and maintenance are expensed as incurred.

Investments. The equity method of accounting is used for all investments in associated companies in which the company's interest is 20% or more. Under the equity method, the Company recognizes its

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

share in the net earnings or losses of these associated companies as they occur rather than as dividends are received. Dividends received are accounted for as a reduction of the investment rather than as dividend income. Losses from the equity investments reduce receivables from the associated companies.

Fair value. The carrying value for cash, prepaid, and accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments. Based upon the borrowing rates currently available to the Company for loans with similar terms and average maturities, the fair value of long-term debt approximates its carrying value.

Long-lived assets. Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

Issuance of shares for service. The Company accounts for the issuance of equity instruments to acquire goods and services. The stocks were valued at the average fair market value of the freely trading shares of the Company as quoted on OTCBB on the date of issuance.

Loss per share. Basic loss per share is based on the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. At December 31, 2004 and 2003, all potential common shares are excluded from the computation of diluted loss per share, as the effect of which was antidilutive.

Reclassification. For comparative purposes, prior period's consolidated financial statements have been reclassified to conform to report classifications of the current period.

Advertising. The Company expenses advertising costs as incurred.

Segment Reporting. Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosure About Segments of an Enterprise and Related Information" requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company.

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

Following is a summary of segment information by geographic unit for the six months ended June 30, 2005:

	CA	NV	ND	TOTAL
Sales & Rental Income	\$261,871	\$0	\$130,189	\$392,060
Net income (loss)	(41,517)	0	(186,555)	(228,072)
Total Assets	2,558,164	0	46,300	2,604,464
Capital Expenditure	0	0	0	0
Depreciation and amortization	23,943	0	0	23,943

Following is a summary of segment information by geographic unit for the six months ended June 30, 2004:

	CA	NV	ND	TOTAL
Sales & Rental Income	\$157,530	0	\$126,261	\$145,452
Net income (loss)	(1,475,467)	21,748	(160,614)	(1,614,333)
Total Assets	2,678,447	0	0	2,011,636
Capital Expenditure	0	0	0	0
Depreciation and amortization	22,266			22,266

Recent accounting pronouncements. In December 2004, the FASB issued FASB Statement No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123" ("FAS No. 123R"). FAS No. 123R requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees. FAS No. 123R is effective beginning in the Company's first quarter of fiscal 2006. The Company believes that the adoption of this standard will have no material impact on its financial statements.

In December 2004, the FASB issued SFAS Statement No. 153, "Exchanges of Nonmonetary Assets." The Statement is an amendment of APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. The Company believes that the adoption of this standard will have no material impact on its financial statements.

In March 2004, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." The EITF reached a consensus about the criteria that should be used to determine when an investment is considered impaired, whether that impairment is other-than-temporary, and the measurement of an impairment loss and how that criteria should be applied to investments accounted for under SFAS No. 115, "ACCOUNTING IN CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES." EITF 03-01 also included accounting considerations subsequent to the recognition of other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. Additionally, EITF 03-01 includes new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the Financial Accounting

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

Standards Board (FASB) delayed the accounting provisions of EITF 03-01; however the disclosure requirements remain effective for annual reports ending after June 15, 2004. The Company will evaluate the impact of EITF 03-01 once final guidance is issued.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." This statement applies to all voluntary changes in accounting principle and requires retrospective application to prior periods' financial statements of changes in accounting principle, unless this would be impracticable. This statement also makes a distinction between "retrospective application" of an accounting principle and the "restatement" of financial statements to reflect the correction of an error. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We are evaluating the effect the adoption of this interpretation will have on its financial position, cash flows and results of operations.

NOTE 4 - Property and Equipment

The Company acquires income-producing real estate assets in the normal course of business.

		<u>Estimated Life</u>
Land	\$ 46,300	
Buildings and improvements	2,002,694	39 years
Leasehold improvements	20,668	2-10 years
Furniture, fixture and equipment	16,415	3-7 years
	<u>2,086,076</u>	
	(109,380)	
	<u>\$ 1,976,696</u>	

Depreciation expense at June 30, 2005 and 2004 was \$23,943 and \$65,250, respectively. No interest was capitalized in either period.

NOTE 5 - Related Party Transactions

Seashore Diversified Investment Company (SDIC). Certain of the Company's directors and officers were also directors, officers and shareholders of SDIC. During 2004 and 2003, SDIC advanced monies to the Company under a revolving note, bearing interest at 9%. The advance is due on demand. At June 30, 2005, the outstanding balance totaled \$165,875 with \$28,562 in accrued interest.

C. Wayne Sutterfield (Sutterfield). At June 30, 2005, the Company owed Sutterfield, a director and significant shareholder, two notes, \$67,000 and \$71,630 secured by 2nd trust deed on the T-Rex Plaza Mall and a 3rd trust deed on 5030 Campus. The notes bear interest at 8% and are due in 2006. Sutterfield is a minority owner in DCB LLC. In addition to the interest payment on the 3rd trust deed, the Company, pursuant to the terms of the operating agreement, pays Sutterfield a preferred return on his investment. There is also \$16,705 in accrued interest payable. The Company retains the right to acquire all his interests. Pursuant to the operating agreement, the Company is responsible for any cash flow deficiencies.

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

William S. Biddle (Biddle). Biddle receives a monthly fee of \$2,500 from Nationwide Commercial Brokers, Inc. ("NCB") in exchange for providing his brokers' license to NCB. At June 30, 2005, the Company had outstanding fees payable totaling \$22,500.

In December 2004, the Company sold 37% interest in its Spencer Springs subsidiary to Biddle and Robert Leonard (major shareholders) for \$200,000. In March 2005, the Company sold its remaining interest in Spencer Springs to Biddle for \$577,777, which is comprised of \$300,000 in cash and a promissory note for \$277,777 accruing interest at 3% per annum, all due and payable on October 28, 2007. The note is secured by a \$950,000 second trust deed on a shopping center located in Las Vegas, Nevada, formerly owned by the Company (Spencer Springs). On May 2, 2005, Biddle paid off the outstanding obligation plus all interest.

Prime Time Auctions, Inc (Prime Time). Prime Time is a shareholder of the Company. To date there are two outstanding loans due Prime Time totaling \$85,000 all of which bears interest at 15%, secured by the underlying property, and maturing through 2005.

Robert Leonard (Leonard). Leonard, a significant shareholder of the Company has advanced \$20,000 to the Company's subsidiary, Nationwide Commercial Brokers.

NOTE 6 - Notes Payable - Related Parties

Unsecured note, bearing interest at 9%, interest only, due on demand	\$ 165,875
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Interest expense on the notes payable - related parties amounted to \$7,422 and \$5,169 for the six-month periods ended June 30, 2005 and 2004, respectively, and \$3,727 and \$2,536 for the three-month periods ended June 30, 2005 and 2004, respectively.

NOTE 7 - Notes Payable

Secured line of credit, bearing interest at 5.25%, due on Nov 30, 2005	<u>\$314,500</u>
Total notes payable	<u>\$314,500</u>
Less current portion	<u>\$314,500</u>
Long term portion of note payable	\$ -0-

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

NOTE 8 - Mortgages Payable

Mortgage note, bearing interest at 11.5%, due on June 25, 2006, secured by 1 st trust deed on Katella Center	\$ 370,000
Mortgage note, bearing interest at the "1 year constant maturity treasury rate" plus 3.5%, adjusting annually, currently 5.875%, principal and interest monthly, maturing February 2, 2013, secured by 1 st trust deed on 5030 Campus	691,813
Mortgage note, bearing interest at 8%, due on Feb. 4, 2008, secured by 2 nd trust deed on 5030 Campus	110,000
Mortgage note, bearing interest at 12%, due on July 19, 2006, secured by 1 st trust deed on T-Rex Plaza Mall	224,885
Total mortgages payable	<u><u>\$ 1,396,698</u></u>

NOTE 9 - Mortgages Payable - Related Parties

Mortgage note, bearing interest at 8%, due on Feb. 17, 2006, secured by 2 nd trust deed on T-Rex Plaza Mall	\$ 67,000
Mortgage note, bearing interest at 8%, due on Dec. 31, 2006, secured by 3 rd trust deed on 5030 Campus	71,630
Mortgage note, bearing interest at 15%, due on Nov 19, 2005, secured by 1 st trust deed on vacant lot, Dickinson, North Dakota	60,000
Mortgage note, bearing interest at 15%, due on July 1, 2005, secured by 2 nd trust deed on Katella Center	25,000
Total mortgages payable- related parties	<u><u>\$ 223,630</u></u>

Interest expense on the Mortgages payable - related parties amounted to \$9,602 and \$4,864.76 for the six-month periods ended June 30, 2005 and 2004, respectively, and \$4,818 and \$3,686.09, respectively, for the three-month periods ended June 30, 2005 and 2004.

NOTE 10 - Stockholders' Equity

In February 2003, the Company created three series of preferred stock, all of which are convertible at the option of the holder: (1) Series A consisting of 7,500,000 shares with a par value of \$0.01, a liquidation preference of \$1.00 per share, convertible into an equal number of common shares 36 months after issuance, with the same voting rights as common stock; (2) Series B consisting of 20,000,000 shares with a par value of \$0.01, a liquidation preference of \$0.50 per share, and convertible into an equal number of common shares 24 months after issuance; and (3) Series C consisting of 22,500,000 shares with a par value of \$0.01, a liquidation preference of \$3.00 per share, and convertible into an equal number of common shares 24 months after issuance. In the event the price of common stock is less than the purchase price of the preferred stock on the conversion date, the holder is entitled to convert at a rate equal to the purchase price divided by the common stock price.

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

On August 19, 2004, the Company obtained a written consent from the holders of a majority of its outstanding shares of Common Stock and Series B Preferred Stock to amend the Certificate of Designation. Such consent amends the terms of the Series B Preferred Stock to permit the Board of Directors to permit conversion of the Series B Preferred Stock into Common Stock prior to the expiration of the two-year prohibition on conversion. All 250,000 shares of Series C Preferred Stock also consented to the amendment. The amendment to the Certificate of Designation became effective October 28, 2004. After approval to amend the Certificate of Designation, 5,839,479 shares of Series B Preferred Stock were converted to Common Stock.

During the current reporting period the Company issued the following shares:

On May 17, 2005, the Company issued 18,750 shares of restricted common stock and 31,250 shares of Preferred Series A preferred stock for previously transacted real estate.

On May 23, 2005, the Company issued 25,000 restricted shares of common stock for public relations services.

On June 7, 2005, the Company issued 43,905 restricted shares of common stock for debt repayment.

On June 7, 2005, the Company issued 92,500 restricted shares of common stock for various real estate services.

On June 7, 2005 the Company issued 425,000 shares of restricted stock for consulting and public relation services.

On June 7, 2005, the Company issued 10,000 restricted shares of common stock for web design and internet services.

NOTE 11- Commitment and Contingencies

Deferred maintenance. The Company has determined that T-Rex Plaza Mall needs repairs to its roof, heating and air conditioning ventilation units, the facade and parking lot. During 2004 the Company spent \$29,500 repairing the parking lot. The estimated costs for said repairs are between \$250,000 and \$350,000.

Lease agreements. The Company is obligated under various ground leases (T-Rex Plaza Mall, Katella Center, and 5030 Campus), which include CPI increases, and an office lease requiring monthly payments through 2053. Annual minimum lease payments for the next five years under existing agreements are as follows:

2006	\$ 295,807
2007	281,434
2008	285,007
2009	288,652
2010	292,400
Thereafter	14,174,391

The lease expenses were \$124,938 and \$175,647 for the six-month periods ended June 30, 2005 and 2004, respectively, and \$62,609 and \$84,960 for the three-month periods ended June 30, 2005 and 2004, respectively.

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

Officer employment agreements. During 2003, the Company executed employment agreements with its officers that extend through 2006. Effective April 1, 2005, the officers have rescinded their employment agreements and forgiven the entire amount of their accrued salaries. The Company has entered into new employment agreements with the officers. Shares and stock options issued under the previous agreements will be rescinded. The employment agreements will provide for a reduced issuance of common stock and options vesting over the term of the agreement.

Unpaid taxes. The Company has not paid approximately \$10,039 in 2004 property taxes on the T-Rex Plaza Mall due March 1, 2005, and approximately \$21,158 in property taxes and penalties on 5030 Campus Drive due April 10, 2005. These amounts are currently delinquent.

Litigation. On January 11, 2005, the Company terminated the employment of Luis Leon, formerly the Chief Executive Officer of the Company. On April 6, 2005, Luis Leon filed a complain against the Company in the Superior Court of California, County of Orange, alleging causes of action for breach of contract, promissory estoppels, intentional misrepresentation, violations of the California Labor Code. The Complaint seeks damages in an amount including \$116,359 of unpaid salary, \$16,667 for one month unpaid vacation time, \$5,548.27 for unpaid insurance benefits through August 15, 2005, reimbursable expenses of \$288 plus a statutory penalty of \$16,666. Mr. Leon also seeks a grant of options to purchase \$250,000 of Company Common Stock. The Company intends to vigorously defend the action. Given the early stage of litigation, the likelihood of an unfavorable outcome cannot reasonably be estimated, however, the estimated amount of the potential loss is approximately \$140,000 plus costs of defense.

NOTE 12 - Stock Options

The following is a summary of the stock option activity:

Outstanding at December 31, 2004	3,000,000
Granted	400,000
Forfeited	-
Exercised	-
Outstanding at June 30, 2005	3,400,000

Following is a summary of the status of options outstanding at June 30, 2005

<u>Outstanding Options</u>					
<u>Exercisable Options</u>					
Exercise Price	Number	Weighted Ave. Remaining Life	Weighted Ave. Exercise price	Number	Weighted Ave. Exercise Price
\$0.15	3,000,000	8.58 years	\$0.15	1,700,000	\$0.15
\$0.50	400,000	5 years	\$1.25	100,000	\$0.50

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

NOTE 13 -Equity Investments in Real Estate

The Company entered into a tenant-in-common agreement on May 14, 2004 with Denver Fund, I to purchase a shopping center in Las Vegas, Nevada. The Company owns a 51% interest in the property and accounts for this interest under the equity method. Both parties to the agreement are jointly and severally liable for the obligations of the property and share in management decisions. The agreement provides the minority tenant with a preferential return on profits while operating losses are allocated based upon the pro-rata ownership interest.

The following information is a summary of the balance sheet as of June 30, 2005:

Current Assets	\$ 51,813
Property and equipment, net	5,843,545
Other Assets	9,888
Total Assets	5,905,246
Current Liabilities	166,159
Other Liabilities	55,113
Long-Term Debt	4,047,329
Total Liabilities	4,268,601
Equity	1,636,645
Total Liabilities and Equity	<u>\$5,905,246</u>

Total revenues and net income for the six-months ended June 30, 2005 and 2004, were \$414,417 and \$70,988, respectively, and \$217,732 and \$40,029, respectively, for the three-months ended June 30, 2005 and 2004. The Company's 51% of net income, \$15,789 and \$36,204, respectively, from property operations for the three-months and six-months ended June 30, 2005, were included in other income and losses in the accompanying consolidated statements of operations. The long term debt is subject to a prepayment penalty should the Company and Denver Fund I chose to repay the entire amount of the debt prior to maturity. As of June 30, 2005, the estimated prepayment penalty was \$398,452.

Note 14- Sale of a Subsidiary

Spencer Springs, LLC - In December 2004, the Company sold a 37% interest in its Spencer Springs for \$200,000 to Biddle and Robert Leonard (significant shareholder). Subsequently, in March 2005, the Company sold its remaining interest in Spencer Springs to Biddle for \$577,777, \$300,000 in cash and a promissory note for \$277,777 accruing interest at 3% per annum, all due and payable on October 28, 2007. On May 2, 2005, Biddle paid off the outstanding obligation plus all interest.

Note 15- Subsequent Events

In July 2005, the Company sold its entire 100% interest in Nationwide Commercial Brokers, Inc., to Robert J. Leonard, a major shareholder of the Company, for \$50,000. The Company realized a gain of \$24,312 on the disposal of the subsidiary. Additionally, the Company sold its inactive (dormant) subsidiary, Diversified Commercial Mortgage, Inc., to Nationwide Commercial Brokers, Inc., for \$1,000. Diversified Commercial Mortgage had no assets or liabilities. The unaudited proforma revenue and net income assuming the transaction had been completed on or before June 30, 2005, are as reported:

SECURED DIVERSIFIED INVESTMENT, LTD.

Notes to Unaudited Consolidated Financial Statements

June 30, 2005

	Three months ended June 30, 2005	Six months ended June 30,2005
Net Income (Loss) from continuing operations	\$81,984	\$(228,072)
Gain (Loss) discontinued Operations	24,312	24,312
Net Income (Loss)	\$106,296	\$203,760

On July 28, 2005, the Company paid off its outstanding line of credit which had a balance of \$395,000 at the time. The Company paid off the balance with the certificate of deposit collateralizing the subject line of credit.

The Company and its tenant in common partner, Denver Fund I, have opened escrow to sell the Cannery West Shopping Center, Las Vegas, Nevada, for \$9,500,000 to an unrelated third party. Escrow is scheduled to close September 1, 2005, or may be extended to October 1, 2005, with the payment of a \$50,000 extension fee. The buyers' have deposited in escrow \$50,000 which becomes non-refundable at the expiration of the due diligence period. There are commissions payable of \$95,000 each to Denver Fund I and Nationwide Commercial Brokers who will pay the Company \$76,000. Nationwide Commercial Brokers was formerly a wholly owned subsidiary of the Company. Additionally, National Commercial Brokers, who's principal Ron Robinson was a former director of the Company) will receive a commission of \$190,000.

On August 16, 2005, the Company received a short payoff in the amount of \$42,500 note secured by a second deed of trust on commercial property in Alexandria, Minnesota. The original amount of the note was \$50,000

[Table of Contents](#)

Item 2. Management's Discussion and Analysis

Forward-Looking Statements

Historical results and trends should not be taken as indicative of future operations. Management's statements contained in this report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934 (the "Exchange Act"), as amended. Actual results may differ materially from those included in the forward-looking statements. The Company intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," "prospects," or similar expressions. The Company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on the operations and future prospects of the Company on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included herein and in the Company's other filings with the SEC.

Management's Discussion and Analysis

Overview

The following discussion should be read in conjunction with the condensed unaudited consolidated financial statements and notes thereto of the Company appearing elsewhere in this report.

The Company currently owns and manages a portfolio of four improved real estate properties (three retail shopping centers and one single-story office building) and one unimproved parcel of land. The five properties are located in Las Vegas, Nevada; Dickinson, North Dakota; and Orange County, California.

Recent Developments

On April 5, 2005, the Board of Directors appointed Clifford L. Strand as the Chief Executive Officer and Mr. Strand resigned his position as President. The Company then entered into an employment agreement with Ms. Jan Wallace to serve as the President for a term of six months, subject to earlier termination. Ms. Wallace is a principal of Wallace Black Financial & Investment Services ("WB"), which has been engaged as a consultant to perform certain investor relations and public relations tasks. Pursuant to the consulting agreement with WB, the Company has agreed to pay a monthly consulting fee of \$10,000, of which \$7,500 will be paid to Ms. Wallace for her services as an officer of the Company. In addition, the Company has granted WB 400,000 shares of restricted Common Stock and options to purchase 400,000 additional shares of Common Stock at exercise prices ranging from \$0.50 per share to \$2.00 per share. In consideration for her services as President, Ms. Wallace will also receive approximately 54,900 shares of Common Stock per month during her service. Biographical information on Ms. Wallace is contained in the Company's annual report Form 10-KSB for the year ended December 31, 2004.

Table of Contents

On May 24, 2005, Ron Robinson resigned as a member of the Company's board of directors. There was no known disagreement with Mr. Robinson on any matter relating to the Company's operations, policies or practices.

On June 29, 2005, the Company executed several employment agreements which modified the existing agreements, in part, by reducing the amount of the Company's accrued and future salary obligations. A summary of the material terms of each employment agreement is set forth in the table below. The employment agreements executed with Messrs. Biddle, Johal, Trolf, and Strand are included as exhibits to this quarterly report.

Employees	Term of Employment	Compensation	Position
William Biddle	2 years	\$90,000 for the first year; \$97,200 for the second year	V.P. of Sales and Acquisitions
Munjit Johal	2 years	\$84,000 for the first year; \$84,000 for the second year	Chief Financial Officer
Gernot Trolf	2 years	\$72,000 for the first year; \$77,760 for the second year	Director of Operations
C.L. Strand	2 years	\$180,000 for the first year; an increase of 8% each following year	Chief Executive Officer

Biographical information on Messrs. Biddle, Johal, Trolf, and Strand is contained in the Company's annual report Form 10-KSB for the year ended December 31, 2004.

Disposition of Assets

The Cannery

On June 10, 2005, the Board of Directors determined that it was in the Company's best interests to authorize management to conduct the sale of the Cannery property. Denver Fund I and the Company (as "Sellers"), entered into a Purchase and Sale Agreement and Joint Escrow Instructions with Ray Koroghli or assignee ("Buyer") for a sales price of \$9,500,000. The escrow is scheduled to close September 1, 2005, and may be extended to October 1, 2005 with an extension payment of \$50,000. There are, however, substantial contingencies to this agreement which make its closing still speculative at this time. A deposit of \$50,000 was made at the time escrow was open. This deposit becomes non-refundable if the buyer fails to terminate escrow prior to expiration of the due diligence period.

If this transaction is consummated, there are commissions payable to a number of brokers, some of which will go to Denver Fund I, Nationwide Commercial Brokers and National Commercial Properties. Nationwide Commercial Brokers is a former subsidiary of the Company. National Commercial Properties is an entity controlled by Mr. Ron Robinson, a former director of the Company.

The Board of Directors further resolved that the net proceeds from the sale, approximately \$2.1 million, shall be put into an accommodator account and used to fund the purchase of another property. To further this goal, the board has instructed management to select three (3) properties for the board to consider. Consistent with this mandate, management is currently developing a plan to evaluate and acquire properties.

[Table of Contents](#)

Nationwide

Nationwide Commercial Brokers ("NCB") was incorporated on March 27, 2003, under the laws of the State of California. It was incorporated for the purpose of real estate brokerage. It was a wholly owned subsidiary of the Company which operates under the real estate brokerage license of William Biddle, officer, director, and major shareholder of the Company. NCB paid Biddle \$2,500 per month for his services. The Company capitalized NCB in the amount of approximately \$12,200. Although NCB was originally formed to be the exclusive broker for the Company, the plan never materialized. In July 2005, the Company sold its 100% interest in NCB to Robert Leonard for \$50,000, a major shareholder of the Company and the Chairman of NCB.

Results of Operations

Revenue. The Company's revenues are derived from rental income and brokerage commission fees derived from the sale of third party real estate transactions. For the three month period ended June 30, 2005, the Company generated total revenue of \$152,000, compared to revenue of \$144,353 for the same three month period in the prior year. For the six month period ended June 30, 2005, the Company generated total revenue of \$392,060, compared to revenue of \$289,805 for the same six month period in the prior year. For the three and six month period ended June 30, 2004 and 2005, rental income remained relatively unchanged. The increase in revenue for the three and six month period ended June 30, 2005 when compared to the same reporting periods in the prior year was primarily attributable to a significant increase in brokerage commissions that the Company received during the reporting period through its subsidiary NCB. During the three month period ended June 30, 2005, the Company generated \$15,821 from brokerage commissions compared to \$1,125 during the same period in 2004. During the three month period ended June 30, 2005, the Company generated \$136,180 of revenue through rental income compared to \$143,220 during the same in 2004. Following the sale of its interest in NCB, the Company anticipates that revenue will initially decrease because the Company will no longer receive brokerage commissions and revenue is expected to increase following the identification and acquisition of additional properties.

Operating Expenses. The Company's only operating expenses are general and administrative expenses which consist primarily of payroll expenses, depreciation expense, legal and accounting fees and costs associated with the acquisition and ownership of real properties. General and administrative expenses for the three months ended June 30, 2005 decreased to \$681,962 from the same reporting period in the prior year when general and administrative expenses were \$1,194,580. General and administrative expenses for the six months ended June 30, 2005 decreased to \$1,500,078 from the same reporting period in the prior year when general and administrative expenses were \$1,723,317. The decrease in operating expenses is primarily attributable to lower consulting fees paid during the three and six months ended June 30, 2005. Significant consulting fees were incurred during the three month period ended March 31, 2004 in connection with efforts to raise additional working capital. The Company incurred \$226,774 in consulting fees for the three months ended June 30, 2005 and \$765,380 for the same three months in the prior year. The Company incurred \$385,774 in consulting fees for the six months ended June 30, 2005 and \$785,380 for the same three months in the prior year.

Operating Loss. Operating loss decreased to \$529,962 for the three months ended June 30, 2005 compared to an operating loss of \$1,050,227 for the same three month period in the prior year. From the six months ended June 30, 2005 operating loss was \$1,108,018 compared to \$1,433,512 for the six month ended June 30, 2004. The decrease in operating loss is primarily attributable to the significant reduction in general and administrative expenses from lower consulting fees paid during the reporting period.

[Table of Contents](#)

Other Income and (Losses). Other income for the three months ended June 30, 2005 was \$611,946 compared to other losses of \$57,597 for the three months ended June 30, 2004. Other income for the six months ended June 30, 2005 was \$589,786 compared to other losses of \$105,925 for the six months ended June 30, 2004. The reporting of other income is primarily attributable to management forgiving debt relating to accrued salary expense during the three months ended June 30, 2005 netting approximately \$658,000.

Net Income (Loss). Net gain was \$81,984 or \$(0.01) per share (basic and diluted) for the second quarter ended June 30, 2005 compared to a net loss of \$1,070,318 or \$(0.12) per share (basic and diluted) for the second quarter ended June 30, 2004. Net loss was \$228,072 or \$(0.02) per share (basic and diluted) for the six months ending June 30, 2005 compared to a net loss of \$1,614,333 or \$(0.19) per share (basic and diluted) for the six months ending June 30, 2004. The net profit reported for the three months ended June 30, 2005 is not attributable to operations, but is primarily attributable to management forgiving debt relating to salary expense that was accrued since May 2003 netting approximately \$658,000.

Liquidity and Capital Resources

Capital Resources

The Company does not have significant cash or other liquid assets, nor does it have an established source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. Moreover, the Company does not currently have a financial institution as a source of financing. The Company anticipates that it will be dependent for a significant period of time on additional investment capital to fund operating expenses, to meet debt service obligations, and to fund additional property acquisitions before achieving profitability. Since its inception, the Company has covered its capital requirement shortfall through additional financing from its larger shareholders. Because of the Company's current negative equity position, fund-raising from non-affiliated third parties may be difficult resulting in continued reliance upon funding from its larger shareholders. These larger shareholders, however, are under no obligations and have made no commitments to continue to fund the Company.

At June 30, 2005, the Company had \$12,022 of cash and cash equivalents to meet its immediate short-term liquidity requirements. To date, the Company has paid no dividends and does not anticipate paying dividends into the foreseeable future.

The Company intends to fund operations for the year ending December 31, 2005 through increased revenue from additional property acquisitions and debt and/or equity financing arrangements. Thereafter, the Company may be required to seek additional funds to finance long-term operations. The successful outcome of future financing activities cannot be determined at this time and there is no assurance that if achieved, the Company will have sufficient funds to execute its intended business plan or generate positive operating results.

Cash Flows from Operating Activities

Net cash used by operating activities was \$ 597,759 for the six months ending June 30, 2005 compared to net cash provided by operating activities of \$114,445 for the six months ending June 30, 2004. Management is currently considering potential opportunities to acquire real estate. The decision to acquire one or more properties or investments in unconsolidated real estate will generally depend upon (i) receipt of a satisfactory environmental survey and property appraisal, (ii) an absence of any material adverse change relating to the property, its tenants, or local economic conditions, and (iii) adequate financing. There is no assurance that any of these conditions will be satisfied or, if satisfied, that the

[Table of Contents](#)

Company will purchase any additional properties or make any further investments in unconsolidated real estate.

Cash Flows from Investing Activities

Net cash from investing activities amounted to \$564,796 for the six months ending June 30, 2005 compared to \$52 for the six months ending June 30, 2004.

At June 30, 2005, the Company does not have any material planned capital expenditures resulting from any known demand based on existing trends. However, management may conclude that expenditures to improve properties are necessary and/or desirable. The Company's shopping center in Dickinson, North Dakota will require further expenditures for improvement.

Cash Flows from Financing Activities

Cash used by financing activities amounted to \$9,552 for the six months ending June 30, 2005 compared to \$140,831 for the six months ending June 30, 2004. The primary reason for the decrease was attributable to no sales of stock and reduction in notes payable. .

The Company intends to acquire additional properties and make additional investments in unconsolidated real estate and may seek to fund these acquisitions through proceeds received from a combination of subsequent equity offerings, debt financings or asset dispositions.

Critical Accounting Estimates and Policies

The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company believes that its critical accounting policies are those that require significant judgments and estimates such as those related to revenue recognition and allowance for uncollectible receivables and impairment of real estate assets and deferred assets. These estimates are made and evaluated on an on-going basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could vary from those estimates and those estimates could be different under different assumptions or conditions.

Revenue Recognition and Allowance for Uncollectible Receivables

Base rental income is recognized on a straight-line basis over the terms of the respective lease agreements. Differences between rental income recognized and amounts contractually due under the lease agreements are credited or charged, as applicable, to rent receivable. The Company maintains, as necessary, an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments that will result in a reduction to income. Management determines the adequacy of this allowance by continually evaluating individual tenant receivables considering the tenant's financial condition, security deposits, letters of credit, lease guarantees and current economic conditions.

Impairment of Real Estate Assets

The Company assesses the impairment of a real estate asset when events or changes in circumstances indicate that the net book value may not be recoverable. Indicators management considers important that could trigger an impairment review include the following:

- a significant negative industry or economic trend;
- a significant underperformance relative to historical or projected future operation results; and

[Table of Contents](#)

- a significant change in the manner in which the asset is used.

Item 3. Controls and Procedures

The Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2005. This evaluation was carried out under the supervision and with the participation of its Chief Executive Officer, Mr. Clifford L. Strand, and Chief Financial Officer, Mr. Munjit Johal. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2005, the Company's disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2005 that have materially affected or are reasonably likely to materially affect such controls.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in reports filed under the Exchange Act are accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

The Company's management does not expect that its disclosure controls and procedures or internal control over financial reporting will necessarily prevent all fraud and material error. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

A discussion of all material ongoing legal proceeding, captioned Luis Leon v. Secured Diversified Investment, Ltd. (case no. 05CC04651), filed in the Superior Court of California, County of Orange, can be found in the Company's annual report on Form 10-KSB for the year ended December 31, 2004. Except as set forth below, there are no material developments to report.

Ms. Maria Leon, the wife of Luis Leon, was recently added as a plaintiff with her claims pertaining to medical insurance coverage against the Company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Consulting Issuances

During the reporting period, the Company issued a total of 572,500 shares of common stock for to several consultants in exchange for services rendered. Included in these issuances, were 245,000 shares of common to Jan Wallace, President of the Company. The Company issued shares pursuant to an exemption from registration by reason of Section 4(2) of the Securities Act of 1933, as amended. The Company did not engage in any general solicitation or advertising. The transfer agent affixed the appropriate restrictive legends to the stock certificates.

Brubaker Issuance

In August 2003, the Company purchased a leasehold interest from Seacrest Limited partnership on the Hospitality Inn in Dickinson, North Dakota. Seacrest included individuals who are major shareholders of the Company, including Cliff Strand, Wayne Sutterfield, Robert Leonard, Sumiye Leonard and minority shareholders including Mr. Gary Brubaker. The leasehold interest was purchased for a total of 4,000,000 shares (1,320,000 shares of common stock and 2,680,000 shares of Preferred A stock). The dollar consideration was approximately \$2.5 million. Due to oversight, Mr. Brubaker never received his promised shares in connection with the transaction. On May 17, 2005, the Company issued 18,500 shares of common stock and 31,250 shares of Preferred A stock to Mr. Brubaker for the acquired real estate. Because the Company sold the leasehold interest in the Hospitality Inn in October 2004, the Company expensed the issuance of the shares as "other expenses." The shares were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended. The Company did not engage in any general solicitation or advertising. The transfer agent affixed the appropriate restrictive legends to the stock certificate.

Royal Issuance

In connection with the acquisition of the Hospitality Inn in August 2003, the Company assumed an unsecured note payable to Carlos Royal in the amount of \$19,980.47, dated June 19, 2003. The interest rate on the note was 9%, which matured on June 20, 2005, with a total amount outstanding of \$20,976.44. The note was paid off by \$10,000.00 in cash and Mr. Royal agreeing to take 43,905 shares of common stock in the Company for the balance. The shares were issued on June 7, 2005 pursuant to an exemption from registration by reason of Section 4(2) of the Securities Act of 1933, as amended. The Company did not engage in any general solicitation or advertising. The transfer agent affixed the appropriate restrictive legends to the stock certificate.

[Table of Contents](#)

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

No matters have been submitted to the Company's security holders for a vote, through the solicitation of proxies or otherwise, during the quarterly period ended June 30, 2005.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
10.1	<u>Employment Agreement Dated June 29, 2005 between the Company and William Biddle</u>
10.2	<u>Employment Agreement Dated June 29, 2005 between the Company and Munjit Johal</u>
10.3	<u>Employment Agreement Dated June 29, 2005 between the Company and Gernot Trolf</u>
10.4	<u>Employment Agreement Dated June 29, 2005 between the Company and C.L. Strand</u>
10.5	<u>Agreement of Purchase and Sale and Joint Escrow Instructions dated July 1, 2005 between the Company, Denver Fund I and Ray Koroghli or Assignee</u>
31.1	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>

SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Secured Diversified Investment, Ltd.

Date: August 22, 2005

By: /s/ Clifford L. Strand

Clifford L. Strand

**Title: Chairman of the Board and Chief Executive Officer and
Principal Executive Officer**

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement"), dated as of April 1, 2005 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 4940 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and William Biddle, hereinafter referred to as "Employee", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Employee, and Employee wishes to render services to the Company, as its V.P of Sales and Acquisitions;

WHEREAS, the Company and Employee wish to set forth in this Agreement the duties and responsibilities that Employee has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Employee intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Employee, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Employee (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. SPECIFIED TERM.

The Company hereby employs Employee pursuant to the terms of this Agreement and Employee hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on April 1, 2005 and ending on April 1, 2007 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will be renewed for one year after April 1, 2006, upon review by management, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement.

2. GENERAL DUTIES.

Employee shall report to the Company's CEO, President, and Board of Directors. Employee shall devote 50 % of his productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as V.P of Sales and Acquisitions Employee shall be responsible for the on-going activities and administration of sales and land/property acquisition

for the Company. Employee shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement and such other duties as are commonly performed by an employee of his rank in a publicly traded corporation or which may, from time to time, be prescribed by the Company through its President and Board of Directors. Furthermore, Employee agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the Company's reputation in its industry for quality products and performance.

3. COMPENSATION.

(a) Annual Salary. During the Term of this Agreement, the Company shall pay to Employee an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

(i) \$90,000 for the first year.

(ii) \$97,200 for the second year.

The Annual Salary shall be paid to Employee in equal installments in accordance with the periodic payroll practices of the Company for Employee employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Employee may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Employee shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

Employee will be entitled to commissions on all Real Estate Sales and Acquisitions on behalf of SDI through its subsidiary N.C.B.

4. REIMBURSEMENT OF BUSINESS EXPENSES.

The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Employee furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

5. ANNUAL VACATION.

Employee shall be entitled to three (3) weeks vacation time each year without loss of compensation.

6. PERSONAL CONDUCT.

Employee agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

7. TERMINATION BY THE COMPANY FOR CAUSE.

The Company reserves the right to declare Employee in default of this Agreement if (each a "Cause"):

- (a) Employee willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or
- (b) Employee commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or
- (c) Employee violates any law, rule or regulation applicable to the Company or Employee relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Employee; provided, however, if the Company terminates this Agreement due to Employee's willful breach or habitual neglect of the duties he is required to perform, then Employee shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Employee and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Employee's employment is terminated pursuant to this Section 8, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination;(ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

8. TERMINATION BY THE COMPANY WITHOUT CAUSE.

(a) Death. Employee's employment shall terminate upon the death of Employee. Upon such termination, the obligations of Employee and the Company under this Agreement shall immediately cease. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(b) Disability. The Company reserves the right to terminate Employee's employment upon ten (10) days written notice if, for a period of ninety (90) days, Employee is prevented from discharging his duties under this Agreement due to any physical or mental disability unless agreed by the Company. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(c) Election by the Company. The Company may terminate Employee's employment upon not less than thirty (30) days written notice by the Company to Employee. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. The Company is not bound for and the employee is not entitled to severance of more than 6 months salary.

9. TERMINATION BY EMPLOYEE.

(a) Election By Employee. Employee's employment may be terminated at any time by Employee upon not less than thirty (30) days written notice by Employee to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) Termination By Employee For Good Reason. Employee may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Employee, without cure, if any, as provided in such agreement;

(ii) the Company intentionally requires Employee to commit or participate in any felony or other serious crime; and/or

(iii) the Company engages in other conduct constituting legal cause for termination.

Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

10. EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.

In the event Employee's employment is terminated due to Employee's death or disability, then:

- (a) The Company shall pay Employee's accrued but unpaid Annual Salary and vacation time through the effective date of the termination.
- (b) The Company shall reimburse Employee for any business expenses incurred prior to the effective date of the termination;

11. MISCELLANEOUS

(a) Preparation of Agreement. It is acknowledged by each party that such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of the same. In light of these facts it is acknowledged that no party shall be construed to be solely responsible for the drafting hereof and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

(b) Cooperation. Each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

(c) Interpretation.

(i) Entire Agreement/No Collateral Representations. Each party expressly acknowledges and agrees that this Agreement, including all exhibits attached hereto: (1) is the final, complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof (2) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such prior agreements are of no force or effect except as expressly set forth herein; and (3) may not be varied, supplemented or contradicted by evidence of Prior Agreements, or by evidence of subsequent oral agreements. Any agreement hereafter made shall be ineffective to modify supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

(i) Waiver. No breach of any agreement or provision herein contained, or of any obligation under this *Agreement*, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

(ii) Remedies Cumulative. The remedies of each party under this Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

(iii) Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid, illegal, or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (A) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and legal, valid and enforceable, and (B) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

(iv) No Third Party Beneficiary. Notwithstanding anything else herein to the contrary, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no person or entity, other than as set forth in this Agreement, shall have any rights hereunder or any right of enforcement hereof.

(v) Heading; References; Incorporation; Gender. The headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. Any exhibit referenced in this Agreement shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

(d) Enforcement.

(i) Applicable Law. This Agreement and the rights and remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

(ii) Consent to Jurisdiction; Service of Process. Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

(e) No Assignment of Rights or Delegation of Duties by Employee. Employee's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Employee may not delegate his duties or obligations hereunder.

(f) Notices. Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon continued transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5th) business day following the date mailed). Each party, and their respective counsel, hereby agrees that if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

(h) Execution by All Parties Required to be Binding; Electronically Transmitted Documents. This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

Agreed and approved

/s/ Jan Wallace

Jan Wallace

Title: President

Signed

/s/ William Biddle

William Biddle

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement"), dated as of April 1, 2005 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 4940 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and Munjit Johal, whose address is 42 Rockwood, Irvine, CA 92614, hereinafter referred to as "Employee", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Employee, and Employee wishes to render services to the Company, as its Chief Financial Officer;

WHEREAS, the Company and Employee wish to set forth in this Agreement the duties and responsibilities that Employee has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Employee intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Employee, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Employee (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. SPECIFIED TERM.

The Company hereby employs Employee pursuant to the terms of this Agreement and Employee hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on April 1, 2005 and ending on April 1, 2007 (the "Term"). Subject to Sections 8, 9, and 10, this Agreement will be renewed for one year after April 1, 2006, upon review by management, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement.

2. GENERAL DUTIES.

Employee shall report to the Company's CEO, President, and Board of Directors. Employee shall devote his productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as Chief Financial Officer, Employee shall be responsible for the accounting and auditing of the Company, including the preparation of the financial statements and reports and coordinating with independent auditors. Employee shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this

Agreement, and such other duties as are commonly performed by an employee of his rank in a publicly traded corporation or which may, from time to time, be prescribed by the Company through its President and Board of Directors. Furthermore, Employee agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the Company's reputation in its industry for quality products and performance.

3. COMPENSATION.

(a) Annual Salary. During the Term of this Agreement, the Company shall pay to Employee an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

- (i) \$84,000.00 for the first year.
- (ii) \$84,000.00 for the second year.

The Annual Salary shall be paid to Employee in equal installments in accordance with the periodic payroll practices of the Company for Employee employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Employee may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Employee shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

4. REIMBURSEMENT OF BUSINESS EXPENSES.

The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Employee furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

5. ANNUAL VACATION.

Employee shall be entitled to three (3) weeks vacation time each year without loss of compensation.

6. PERSONAL CONDUCT.

Employee agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

7. TERMINATION BY THE COMPANY FOR CAUSE.

The Company reserves the right to declare Employee in default of this Agreement if (each a "Cause"):

- (a) Employee willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or
- (b) Employee commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or
- (c) Employee violates any law, rule or regulation applicable to the Company or Employee relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Employee; provided, however, if the Company terminates this Agreement due to Employee's willful breach or habitual neglect of the duties he is required to perform, then Employee shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Employee and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Employee's employment is terminated pursuant to this Section 8, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination;(ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

8. TERMINATION BY THE COMPANY WITHOUT CAUSE.

- (a) Death. Employee's employment shall terminate upon the death of Employee. Upon such termination, the obligations of Employee and the Company under this Agreement shall immediately cease. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(b) Disability. The Company reserves the right to terminate Employee's employment upon ten (10) days written notice if, for a period of ninety (90) days, Employee is prevented from discharging his duties under this Agreement due to any physical or mental disability unless agreed by the Company. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(c) Election by the Company. The Company may terminate Employee's employment upon not less than thirty (30) days written notice by the Company to Employee. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. The Company is not bound for and the employee is not entitled to severance of more than 6 months salary.

9. TERMINATION BY EMPLOYEE.

(a) Election by Employee. Employee's employment may be terminated at any time by Employee upon not less than thirty (30) days written notice by Employee to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to Employee (1) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) Termination by Employee for Good Reason. Employee may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Employee, without cure, if any, as provided in such agreement;

(ii) the Company intentionally requires Employee to commit or participate in any felony or other serious crime; and/or

(iii) the Company engages in other conduct constituting legal cause for termination.

Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

10. EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.

In the event Employee's employment is terminated due to Employee's death or disability, then:

- (a) The Company shall pay Employee's accrued but unpaid Annual Salary and vacation time through the effective date of the termination.
- (b) The Company shall reimburse Employee for any business expenses incurred prior to the effective date of the termination;

11. MISCELLANEOUS

(a) Preparation of Agreement. It is acknowledged by each party that such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of the same. In light of these facts it is acknowledged that no party shall be construed to be solely responsible for the drafting hereof and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

(b) Cooperation. Each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

(c) Interpretation.

(i) Entire Agreement/No Collateral Representations. Each party expressly acknowledges and agrees that this Agreement, including all exhibits attached hereto: (1) is the final, complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof (2) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such prior agreements are of no force or effect except as expressly set forth herein; and (3) may not be varied, supplemented or contradicted by evidence of Prior Agreements, or by evidence of subsequent oral agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

(i) Waiver. No breach of any agreement or provision herein contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement

or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

(ii) Remedies Cumulative. The remedies of each party under this Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

(iii) Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid, illegal, or unenforceable under present or future laws effective during the term of this Agreement, then and in that event: (A) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and legal, valid and enforceable, and (B) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

(iv) No Third Party Beneficiary. Notwithstanding anything else herein to the contrary, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no person or entity, other than as set forth in this Agreement, shall have any rights hereunder or any right of enforcement hereof.

(v) Heading References Incorporation Gender. The headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. Any exhibit referenced in this Agreement shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

(d) Enforcement.

(i) Applicable Law. This Agreement and the rights and remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

(ii) Consent to Jurisdiction; Service of Process. Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

(e) No Assignment of Rights or Delegation of Duties by Employee. Employee's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Employee may not delegate his duties or obligations hereunder.

(f) Notices. Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5th) business day following the date mailed). Each party, and their respective counsel, hereby agrees that if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

(h) Execution by All Parties Required to be Binding: Electronically Transmitted Documents. This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this

Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

Agreed and approved

By: /s/ Jan Wallace

Jan Wallace

Title: President

By: /s/ Munjit Johal

Munjit Johal

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** ("Agreement"), dated as of April 1, 2005 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 4940 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and **Gernot Troff**, whose address is 809 ½ El Carmel Place, San Diego, CA 92109 hereinafter referred to as "Employee", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Employee, and Employee wishes to render services to the Company, as its Director of Operations;

WHEREAS, the Company and Employee wish to set forth in this Agreement the duties and responsibilities that Employee has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Employee intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Employee, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Employee (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. SPECIFIED TERM.

The Company hereby employs Employee pursuant to the terms of this Agreement and Employee hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on April 1, 2005 and ending on April 1, 2007 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will be renewed for one year after April 1, 2006, upon review by management, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement.

2. GENERAL DUTIES.

Employee shall report to the Company's CEO, President, and Board of Directors. Employee shall devote his entire productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as Director of Operations, Employee shall be primarily responsible for the day to day operations and administration of the business of the Company as directed by the President. Employee shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement, an

such other duties as are commonly performed by an employee of his rank in a publicly traded corporation or which may, from time to time, be prescribed by the Company through its President and Board of Directors. Furthermore, Employee agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the Company's reputation in its industry for quality products and performance.

3. COMPENSATION.

(a) **Annual Salary.** During the Term of this Agreement, the Company shall pay to Employee an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

- (i) \$72,000.00 for the first year.
- (ii) \$77,760.00 for the second year.

The Annual Salary shall be paid to Employee in equal installments in accordance with the periodic payroll practices of the Company for Employee employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Employee may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Employee shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

4. REIMBURSEMENT OF BUSINESS EXPENSES.

The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Employee furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

5. ANNUAL VACATION.

Employee shall be entitled to three (3) weeks vacation time each year without loss of compensation.

6. PERSONAL CONDUCT.

Employee agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

7. TERMINATION BY THE COMPANY FOR CAUSE.

The Company reserves the right to declare Employee in default of this Agreement if (each a "Cause"):

(a) Employee willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement,
or

(b) Employee commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or

(c) Employee violates any law, rule or regulation applicable to the Company or Employee relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Employee; provided, however, if the Company terminates this Agreement due to Employee's willful breach or habitual neglect of the duties he is required to perform, then Employee shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Employee and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Employee's employment is terminated pursuant to this Section 8, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination;(ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

8. TERMINATION BY THE COMPANY WITHOUT CAUSE.

(a) **Death.** Employee's employment shall terminate upon the death of Employee. Upon such termination, the obligations of Employee and the Company under this Agreement shall immediately cease. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(b) **Disability**. The Company reserves the right to terminate Employee's employment upon ten (10) days written notice if, for a period of ninety (90) days, Employee is prevented from discharging his duties under this Agreement due to any physical or mental disability unless agreed by the Company. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(c) **Election By the Company**. The Company may terminate Employee's employment upon not less than thirty (30) days written notice by the Company to Employee. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. The Company is not bound for and the employee is not entitled to severance of more than 6 months salary.

9. TERMINATION BY EMPLOYEE.

(a) **Election By Employee**. Employee's employment may be terminated at any time by Employee upon not less than thirty (30) days written notice by Employee to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) **Termination By Employee For Good Reason**. Employee may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Employee, without cure, if any, as provided in such agreement;

(ii) the Company intentionally requires Employee to commit or participate in any felony or other serious crime;
and/or

(iii) the Company engages in other conduct constituting legal cause for termination.

Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

10. EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.

In the event Employee's employment is terminated due to Employee's death or disability, then:

- (a) The Company shall pay Employee's accrued but unpaid Annual Salary and vacation time through the effective date of the termination.
- (b) The Company shall reimburse Employee for any business expenses incurred prior to the effective date of the termination;

11. MISCELLANEOUS

(a) **Preparation of Agreement.** It is acknowledged by each party that such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of the same. In light of these facts it is acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

(b) **Cooperation.** Each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

(c) **Interpretation.**

(i) **Entire Agreement/No Collateral Representations.** Each party expressly acknowledges and agrees that this Agreement, including all exhibits attached hereto: (1) is the final, complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof; (2) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such prior agreements are of no force or effect except as expressly set forth herein; and (3) may not be varied, supplemented or contradicted by evidence of Prior Agreements, or by evidence of subsequent oral agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

(i) Waiver. No breach of any agreement or provision herein contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

(ii) Remedies Cumulative. The remedies of each party under this Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

(iii) Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid, illegal, or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (A) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and legal, valid and enforceable, and (B) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

(iv) No Third Party Beneficiary. Notwithstanding anything else herein to the contrary, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no person or entity, other than as set forth in this Agreement, shall have any rights hereunder or any right of enforcement hereof.

(v) Heading; References; Incorporation; Gender. The headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. Any exhibit referenced in this Agreement shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

(d) Enforcement.

(i) Applicable Law. This Agreement and the rights and remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in

accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

(ii) **Consent to Jurisdiction; Service of Process.** Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

(e) **No Assignment of Rights or Delegation of Duties by Employee.** Employee's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Employee may not delegate his duties or obligations hereunder.

(f) **Notices.** Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5th) business day following the date mailed). Each party, and their respective counsel, hereby agrees that if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

(h) **Execution by All Parties Required to be Binding; Electronically Transmitted Documents.** This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

EMPLOYEE

By: /s/ Clifford L. Strand
Clifford L. Strand
Title: President

By: /s/ Gernot Trolf
Gernot Trolf

June 29/ 2005

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement"), dated as of April 1, 2005 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 4940 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and C.L. Strand, whose address is 24952 Hon Ave, Laguna Hills, Ca 92653 hereinafter referred to as "Employee", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Employee, and Employee wishes to render services to the Company, as its CEO;

WHEREAS, the Company and Employee wish to set forth in this Agreement the duties and responsibilities that Employee has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Employee intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Employee, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Employee (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. SPECIFIED TERM.

The Company hereby employs Employee pursuant to the terms of this Agreement and Employee hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on April 1, 2005 and ending on April 1, 2007 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will be renewed for one year after April 1, 2006, upon review by management, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement.

2. GENERAL DUTIES.

Employee shall report to the Board of Directors. Employee shall devote his productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as CEO, Employee shall be primarily responsible for the administration of the business of the Company as directed by the Board of Directors. Employee shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement, and such other duties as are commonly performed by an employee of his rank in a publicly traded

corporation or which may, from time to time, be prescribed by the Company through its President and Board of Directors. Furthermore, Employee agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the Company's reputation in its industry for quality products and performance.

3. COMPENSATION.

(a) Annual Salary. During the Term of this Agreement, the Company shall pay to Employee an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

- (i) 180,000 for the first year and will increase by 8% each following year.

The Annual Salary shall be paid to Employee in equal installments in accordance with the periodic payroll practices of the Company for Employee employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Employee may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Employee shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

Employee will be entitled to commissions on all Real Estate Sales and Acquisitions on behalf of SDI through its subsidiary N.C.B.

In addition; the Company may offer to Executive the opportunity to serve as an officer or employee of a subsidiary or affiliated entity of the Company. The Company and Executive shall agree on a mutually acceptable annual salary for service in such capacity, and the amount thereof shall be included in the "Annual Salary."

(b) Annual Bonus. Executive and the Board of Directors shall meet immediately following execution of this Agreement and, thereafter, at the end of each fiscal year to establish performance standards and goals to be met by Executive during the next fiscal year, which standards and goals shall be based upon earnings, cash flows, EBITDA and other objectives that are mutually agreed to by Executive and the Board of Directors. The Company shall pay to Executive no later than ninety (90) days after the completion of the fiscal year, a cash bonus (the "Annual Bonus") in an amount to be recommended by the Board of Directors, for each year in which the performance standards and goals are met or exceeded by Executive. Nothing in this

section shall prevent Executive and the Board of Directors from mutually agreeing to an alternative computation of the Annual Bonus described herein. The Annual Bonus shall be subject to any applicable tax withholdings and/or employee deductions.

(c) Participation in Employee Benefit Plans. Executive shall have the same rights, privileges, benefits and opportunities to participate in any of the Company's employee benefit plans which may now or hereafter be in effect on a general basis for executive officers or employees. The Company may delete benefits and otherwise amend and change the type and quantity of benefits it provides in its sole discretion. In the event Executive receives payments from a disability plan maintained by the Company, the Company shall have the right to offset such payments against the Annual Salary otherwise payable to Executive during the period for which payments are made by such disability plan.

(d) Director and Officer Liability Insurance. The Company shall use commercially reasonable efforts to purchase directors and officers liability insurance and include Executive as an insured thereunder.

(e) Medical Insurance. The Company shall provide the Executive health insurance coverage consistent with the plan already in effect.

(f) Payment of Tax Related to the Receipt of Non-Cash Compensation. If Executive incurs income tax or any other tax, including payroll taxes, as a result of the receipt of non-cash compensation during any fiscal year, the Company shall pay to Executive an amount equal to any and all such tax.

4. REIMBURSEMENT OF BUSINESS EXPENSES.

The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Employee furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

5. ANNUAL VACATION.

Employee shall be entitled to three (3) weeks vacation time each year without loss of compensation.

6. PERSONAL CONDUCT.

Employee agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

7. TERMINATION BY THE COMPANY FOR CAUSE.

The Company reserves the right to declare Employee in default of this Agreement if (each a "Cause"):

- (a) Employee willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or
- (b) Employee commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or
- (c) Employee violates any law, rule or regulation applicable to the Company or Employee relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Employee; provided, however, if the Company terminates this Agreement due to Employee's willful breach or habitual neglect of the duties he is required to perform, then Employee shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Employee and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Employee's employment is terminated pursuant to this Section 8, the Company shall pay to Employee (1) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination;(ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

8. TERMINATION BY THE COMPANY WITHOUT CAUSE.

- (a) Death. Employee's employment shall terminate upon the death of Employee. Upon such termination, the obligations of Employee and the Company under this Agreement shall immediately cease. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(b) Disability. The Company reserves the right to terminate Employee's employment upon ten (10) days written notice if, for a period of ninety (90) days, Employee is prevented from discharging his duties under this Agreement due to any physical or mental disability unless agreed by the Company. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(c) Election by the Company. The Company may terminate Employee's employment upon not less than ninety (90) days written notice by the Company to Employee. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. The Company is not bound for and the employee is not entitled to severance of more than 6 months salary.

9. TERMINATION BY EMPLOYEE.

(a) Election by Employee. Employee's employment may be terminated at any time by Employee upon not less than thirty (30) days written notice by Employee to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) Termination by Employee for Good Reason. Employee may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Employee, without cure, if any, as provided in such agreement;

(ii) the Company intentionally requires Employee to commit or participate in any felony or other serious crime; and/or

(iii) the Company engages in other conduct constituting legal cause for termination. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

10. EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.

In the event Employee's employment is terminated due to Employee's death or disability, then:

- (a) The Company shall pay Employee's accrued but unpaid Annual Salary and vacation time through the effective date of the termination.
- (b) The Company shall reimburse Employee for any business expenses incurred prior to the effective date of the termination;

11. INDEMNIFICATION OF LOSEES.

So long as Executive's actions were taken in good faith and furtherance of the Company's business and within the scope of Executive's duties and authority, the Company shall indemnify and hold Executive harmless to the full extent of the law from any and all claims, losses and expenses sustained by Executive as a result of any action taken by him to discharge his duties under this Agreement, and the Company shall defend Executive, at the Company's expense, in connection with any and all claims by stockholders or third parties which are based upon actions taken by Executive to discharge his duties under this Agreement.

12. MISCELLANEOUS.

(a) Preparation of Agreement. It is acknowledged by each party that such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of the same. In light of these facts it is acknowledged that no party shall be construed to be solely responsible for the drafting hereof and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

(b) Cooperation. Each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

(c) Interpretation.

(i) Entire Agreement/No Collateral Representations. Each party expressly acknowledges and agrees that this Agreement, including all exhibits attached hereto: (1) is the final, complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof; (2) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively

and severally, the “Prior Agreements”), and that any such prior agreements are of no force or effect except as expressly set forth herein; and (3) may not be varied, supplemented or contradicted by evidence of Prior Agreements, or by evidence of subsequent oral agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

(i) Waiver. No breach of any agreement or provision herein contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

(ii) Remedies Cumulative. The remedies of each party under this Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

(iii) Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid, illegal, or unenforceable under present or future laws effective during the term of this Agreement, then and in that event: (A) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and legal, valid and enforceable, and (B) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

(iv) No Third Party Beneficiary. Notwithstanding anything else herein to the contrary, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no person or entity, other than as set forth in this Agreement, shall have any rights hereunder or any right of enforcement hereof.

(v) Heading: References: Incorporation: Gender. The headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. Any exhibit referenced in this Agreement shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

(d) Enforcement.

(i) Applicable Law. This Agreement and the rights and remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

(ii) Consent to Jurisdiction; Service of Process. Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

(e) No Assignment of Rights or Delegation of Duties by Employee. Employee's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Employee may not delegate his duties or obligations hereunder.

(f) Notices. Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5th) business day following the date mailed). Each party, and their respective counsel, hereby agrees that if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

(h) Execution by All Parties Required to be Binding; Electronically Transmitted Documents. This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

By: /s/ Jan Wallace

Jan Wallace

Title: President

EMPLOYEE

By: /s/ Clifford L. Strand

Clifford L. Strand

Title: CEO

**AGREEMENT OF PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS**

BY AND BETWEEN

SECURED DIVERSIFIED INVESTMENT, LTD.
A Public Corporation in Nevada

AND

DENVER FUND I, LTD.
A Colorado Limited Partnership

AS SELLER

AND

RAY KOROGHLI or ASSIGNEE

AS BUYER

RELATING TO

CANNERY WEST SHOPPING CENTER

DATED AS OF

July 1, 2005

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Agreement") is entered into as of the 1st day of July, 2005 by and between Secured Diversified Investment, LTD., a public Nevada corporation as to an undivided 51% interest and Denver Fund I, LTD., A Colorado Limited Partnership as to an undivided 49% interest ("Sellers"), and Ray Koroghli or assignee ("Buyer").

RECITALS

A. Seller is the owner of that certain real property with improvements Thereon, excluding the monument sign at the corner of Pecos and Tropicana, consisting of a retail shopping center located at 3475 E. Flamingo Road "The Cannery West Shopping Center", approximately 3.44 acres of land, located in the City of Las Vegas, County of Clark, State of Nevada ("Property"), depicted on the site plan attached as Exhibit "A-1" and "A-2" attached hereto and incorporated herein by this reference.

B. Buyer desires to purchase from Seller and Seller desires to sell to Buyer the Real Property.

NOW, THEREFORE, for the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

**SECTION 1
Defined Terms**

In addition to terms defined elsewhere in this Agreement, the following terms are defined as follows:

1.1 Unless extended, "Closing" or "Closing Date" means August 1, 2005 the close of Escrow (as defined below).

1.2 "Deed" shall have the meaning given in section 6.1(a).

1.3 "Deposit" means the Fifty Thousand U.S. Dollars (\$50,000) and the Extension Payment, if applicable, plus any interest earned thereon.

1.4 "Escrow" shall have the meaning given to it in Section 4.1.

1.5 "Escrow Holder" means Alliance Title, 18831 Von Karman, Suite #380, Irvine, California. Attention: Brenda Selz Burnett. The underwriter to issue an insured closing letter (closing protection) to benefit Buyer.

1.6 "Extension Payment" means the Sum of Fifty Thousand Dollars (\$50,000) which may be paid pursuant to section 2.4.

1.7 "Hazardous Materials" shall have the meaning given in Section 5.1.

1.8 "Intangible Property" shall mean all intangible property now owned by Seller between the date hereof and the Closing used solely in connection with the Property, including: (I) all guarantees, warranties related to the operation and maintenance of the Property; (II) all air rights, excess floor area rights and other development rights relating to the property; (III) assignable licenses and governmental permits related to the Property; and (IV) all trademarks and trade names to the extent licensable or assignable by Seller.

1.9 "Lease" shall have the meaning given in Section 2.1.

1.10 "New Loan" shall have the meaning given in Section 2.1

1.11 "Opening of Escrow" shall have the meaning given in Section 4.1

1.12 "Permitted Exceptions" shall have the meaning given in Section 7.

1.13 "Purchase Price" means Nine Million Five Hundred Thousand U.S. Dollars (\$9,500,000)

1.14 "Rent Concessions" shall have the meaning given in Section 2.5.

1.15 "Security Deposits" shall have the meaning given in Section 2.1

1.16 "Service Contracts" shall have the meaning given in Section 2.1

1.17 "Title Policy" shall have the meaning given in Section 11

1.18 "to the Best of Seller's Knowledge" means the actual knowledge of any principles of Seller.

SECTION 2 Purchase and Sale

2.1 Purchase of Property. Upon and subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer and Buyer agrees to buy from Seller at Closing: (a) the Property, together with all easements, hereditaments and appurtenances thereto, and including Intangible Property (b) subject to the conditions hereinafter set forth, all leases, lease guarantees (if any), licenses and other agreements pertaining to space in the improvements on the Property (collectively, the "Leases" and individually a "Lease") and the interest of Seller thereunder together with the security deposits (the "Security Deposits") and prepaid rents made to

the Seller by the tenants or other occupants thereunder, if any, and (c) subject to the conditions hereinafter set forth, those assignable service, maintenance and other agreements necessary for the operation of the Property (the "service Contracts").

2.2 Obtaining Note and Deed of Trust.

(a) As a part of the purchase of the property and the consummation of this Purchase Agreement, Buyer shall immediately apply for an institutional loan at market interest rate and terms at Buyer's sole cost and expense. Buyer shall have until August 1, 2005 to obtain purchase money financing at the highest loan to value ratio offered by Lender(s) (the "New Loan"). If Buyer is unable to obtain the New Loan by such date despite its commercial best efforts, Buyer may terminate this Agreement and receive a return of the Deposit.

(b) Buyer shall have completed all of the application documentation applied for the loan described in 2.2(a) on or before August 1, 2005.

(c) Buyer shall pay all costs and expenses incurred and related to the New Loan, including, without limitation, any fees, costs or expenses incurred by Buyer or any of Buyer's affiliates, including, without limitation, the lender's attorney's fees if any.

2.3 Existing Loan. Seller shall be obligated to pay in full all existing loans and encumbrances with respect to the Property to allow Buyer to obtain new financing with respect to the Property. Buyer and Seller agree to share equally with the prepayment penalties of the existing financing on the Property, said prepayment penalty total not to exceed \$500,000.

2.4 Extension of Closing. Buyer may extend the Closing from September 3 2005, to October 1, 2005 by delivering to Escrow Holder on or before September 3 2005, (a non-refundable Fifty Thousand Dollars (\$50,000) (the "Extension Payment") which shall be deemed part of the Deposit (and subject to the provisions of Section 3 hereof) and immediately delivered to Seller in the same manner as provided in Section 3.2.

2.5 Credit for Rent Credits Given to Tenants. Seller shall give to Buyer at Closing a credit against the Purchase Price for all unamortized (or unused) rent concessions ("Rent Concessions") granted to tenants under the leases.

SECTION 3 Purchase Price

The Purchase Price for the Property shall be paid as follows:

3.1 Deposit. Buyer shall deliver the Initial Deposit in cash or other immediate available U.S. funds into Escrow within five (5) business days after the Opening of Escrow. Escrow holder shall invest the Deposit in an interest bearing account and accrued interest will be for the account of Buyer except as otherwise provided in this Agreement, provided, however, that any accrued interest earned thereon will be applied against the Purchase Price and will be released to Seller subject to the terms of this Agreement.

3.2 Delivery of Deposit. If Buyer has terminated this Agreement by written notice to Seller and Escrow Holder prior to the expiration of the Due Diligence Period in accordance with the terms of this Agreement, Escrow Holder shall promptly return the Deposit and all interest thereon to Buyer, less Escrow Holder's normal and customary escrow cancellation charges (if any), which shall be paid by buyer. Following the expiration of the Due Diligence Period, the Deposit and the accrued interest thereon shall be refundable to Buyer only upon Seller's default, failure of any condition precedent set forth in Section 8.1 of this Agreement, or any condemnation, damage or destruction that allows termination as specifically set forth herein. Unless Buyer has terminated this Agreement in accordance with this Section 3.2, Escrow Holder shall, within two (2) business days following the expiration of the Due Diligence Period (August 31), deliver the entire Deposit of Fifty Thousand U.S. Dollars (\$50,000) to Seller, as non-refundable funds.

3.3 Balance of Purchase Price. On or before the Closing Date, Buyer shall deposit into Escrow the balance of the Purchase Price as follows:

(a) The amount which is the sum of the Purchase Price, less the Deposit(s), and less any credits accruing to Buyer for Security Deposits, Rent Concessions and less any proration as agreed upon in this Agreement, in the form of cash, bank cashier's check, confirmed wire transfer of funds, or other immediate available funds from the funding of the New Loan plus funds of Buyer as necessary; and

(b) Any other sums that are necessary to close and required hereunder to be paid by Buyer.

SECTION 4

Escrow

4.1 Opening of Escrow. Within three (3) days after the execution of this Agreement, Buyer and Seller shall open an escrow account (the "Escrow") with the Escrow Holder by delivering to Escrow Holder a fully executed copy of this Agreement (the "Opening of Escrow"). The date of Opening of Escrow will be filled in by Escrow Holder in the "Joinder BY Escrow Holder" section at the end of this Agreement, which date, as determined by Escrow Holder, shall be binding on Seller and Buyer. The purchase and sale of the Property will be completed through Escrow. Buyer and Seller agree to execute any additional instructions reasonably required by the Escrow Holder. If there is a conflict between any printed escrow instructions and this Agreement, the terms of this Agreement will govern. No cancellation or other provision of any printed escrow instructions shall extend the Closing Date or provide either party with any grace period not provided in this Agreement.

4.2 Cancellation of Escrow. In the event that the Closing does not occur at the time and in the manner provided in this Agreement because of the default of one of the parties, the non-defaulting party shall have the right to cancel the Escrow by written notice to the defaulting party and to the Escrow Holder. All costs of cancellation of Escrow shall be paid by the defaulting party. In the event of a default by Seller, Buyer shall be entitled to (a). A return by the

Escrow Holder of the Deposit plus any interest which has accrued thereon subject to Section 15.1 or (b). to pursue an action for specific performance. In the event of a default by Buyer, Seller shall be entitled to the Deposit plus any interest which has accrued thereon subject to Section 15.2. If the Closing does not take place for any reason other than a default by Seller or the failure of a condition precedent set forth in Section 8.1, or as a result of any condemnation, damage or destruction that allows termination as specifically set forth herein the cancellation costs shall be shared equally by Buyer and Seller, and Buyer shall be entitled to the Deposit plus accrued interest.

SECTION 5
Representations and Warranties

5.1 Seller's Representations. To the best of Seller's knowledge, Seller represents and warrants to Buyer as of the date hereof and as of the date of Closing as follows:

(a) Without the prior written consent of Buyer, Seller will not convey any interest in the Property, and Seller will not subject the Property to any additional liens, encumbrances, covenants, conditions, easements, rights of way or similar matters after the date of this Agreement, except for the Permitted Exceptions and as may be otherwise provided for in this Agreement, which will not be eliminated before Closing.

(b) The schedule of Service Contracts provided to Buyer lists all such contracts affecting the Property. Seller is not in default under any of the Service Contracts.

(c) Seller is a duly formed and validly existing public corporation in good standing pursuant to the laws of the State of Nevada and a duly formed and validly existing Colorado Limited Partnership in good standing pursuant to the laws of Colorado and has the full power, authority and legal right to execute and deliver and perform under this Agreement.

(d) The execution and delivery of this Agreement, the consummation of the transactions provided for herein and the fulfillment of the terms hereof on the part of Seller will not result in a breach of any instrument to which Seller is a party or by which Seller is bound or of any judgment, decree or order of any court or governmental body or any law, rule or regulation applicable to Seller.

(e) The execution, delivery and performance of this Agreement by the person or persons executing the same on behalf of Sellers have been duly and validly authorized (and by their execution hereof such person or persons individually represent and warrant that they are so authorized) and to the best of Seller's knowledge, this Agreement and the other agreements and instruments contemplated hereby constitute legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms.

(f) No consent, approval or authorization of any governmental Authority is required in connection with the execution, delivery and performance of this Agreement by Seller.

(g) All statements made and all information given to Buyer pursuant to this Agreement and any schedules and exhibits related hereto are true and accurate in every material respect.

(h) Seller will convey to Buyer good, marketable, and insurable fee simple title to the Property, free and clear of all liens, claims, covenants, conditions, restrictions, rights of way, easements, options, licenses, judgments and encumbrances of any kind, except the Permitted Exceptions.

(i) Seller has not received any notice from any governmental authority that the Property is currently in violation of any federal, state or local law or ordinance.

(j) Seller has not disposed upon the Property any Hazardous Materials (as defined below) on or below the surface of the Property including, without limitation, contamination of the soil, subsoil or groundwater, and, to the Best of Seller's knowledge, the Property is not in violation of any law, rule or regulation of any government entity having jurisdiction thereof or which exposes Buyer to liability to third parties. Neither Seller nor, to the Best of Seller's knowledge, any third party has used the Property or any portion thereof for the production, disposal or storage of any Hazardous Materials and there has not been any proceeding or inquiry by any Governmental authority with respect to the presence of such Hazardous Materials on the Property or any portion thereof. To the Best of Seller's knowledge, no construction material used in any Improvements contains any substance or material presently known to be toxic or hazardous.

For the purposes of this Agreement, the term "Hazardous Materials" means and includes any flammable explosives, radioactive material or hazardous, toxic or dangerous waste, substance or related material or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by a Federal, State, County, regional or local authority or which, even if not so regulated, may or could pose a hazard to the health and safety of the occupants of the Property, including, but not limited to, substances defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 1801 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq., and any so called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material. Seller strongly recommends Buyer to obtain a Phase One (1) at Buyer's expense.

(k) Seller is not aware of any design defects, structural flaws, or deferred maintenance with respect to the buildings located on the Property.

5.2 Buyers Representations. Buyer represents and warrants to Seller as of the date hereof and as of the date of Closing as follows:

(a) The execution and delivery of this Agreement, the consummation of the transaction provided for herein and the fulfillment of the terms hereof on the part of Buyer will not result in a breach of any instrument to which Buyer is a party or by which Buyer is bound or of any judgment, decree or order of any court or governmental body or any law, rule or regulation applicable to Buyer.

(b) The execution and delivery and performance of this Agreement by the person or persons executing the same on behalf of Buyer have been duly and validly authorized (and by the execution hereof such person or persons individually represent and warrant that they are so authorized) and, to the best of Buyer's knowledge, this Agreement and other agreements and instruments contemplated hereby constitute legal, valid and binding obligations of Buyer, enforceable in accordance with their respective terms.

(c) No consent, approval or authorization of any governmental authority or private party is required in connection with the execution, delivery and performance of this Agreement by Buyer.

5.3 Reliance. The representations and warranties contained herein are made with the knowledge and expectation that the Buyer and Seller, as the case may be, are placing complete reliance thereon.

5.4 Survival. The representations and warranties contained herein shall survive the Closing.

SECTION 6

Deliveries to Escrow Holder

6.1 By Seller. On or prior to the Closing Date, Seller shall deliver or cause to be delivered to Escrow Holder the following items:

(a) A schedule of all cash and non-cash (if any) Security Deposits.

(b) A rent roll for the Property current as of the Month in which the Closing occurs identifying the tenant, the monthly rent, the status of payment of rent and deposits made by the tenant.

(c) The originals of all Leases, Service Contracts and warranties in the possession of the Seller.

(d) An Assignment of Leases and Security Deposits and Assumption Agreement, in a form reasonably acceptable to Buyer, assigning to Buyer Seller's interest in the Leases and the Security Deposits.

(e) An Assignment and Assumption of Service Contracts, in a form reasonably acceptable to Buyer, assigning to Buyer all Seller's rights and obligations under the assignable Service Contracts.

(f) An Assignment of Seller's rights under any third party warranties pertaining to the property, in a form reasonably acceptable to Buyer.

(g) To the extent they are then in Seller's possession and not posted at the Property, certificates, licenses, permits, authorizations and approvals issued for or with respect to the Property by governmental and quasi-governmental authorities having jurisdiction over the Property.

(h) Any other documents required by this Agreement to be delivered to Buyer or Escrow Holder.

(i) Possession of the Property and all keys in possession of Seller.

(j) Evidence reasonably acceptable to Buyer that the documents delivered by Seller to Buyer at Closing have been duly authorized by Seller, duly executed on behalf of Seller, and when delivered constitute valid and binding obligations of Seller.

(k) An estoppel certificate from at least one hundred percent (100%) of the tenants at the Property (the "Estoppels") provided, however, if despite Seller's reasonable efforts to obtain the Estoppels, Seller is unable to do so, Seller may deliver an estoppel certificate of Seller wherein Seller represents and warrants to Buyer as to matters that would have been stated in the Estoppel had the same been delivered by the respective tenant. Seller shall have the right to substitute any estoppel certificate of Seller with the Estoppel if such Estoppel is received by Buyer within sixty (60) days of closing.

6.2 By Buyer. On or prior to the Closing Date, Buyer will deliver or cause to be delivered to Escrow Holder the following items:

(a) The balance of the Purchase Price plus any other sums necessary to Close and required hereunder to be paid by Buyer, in the form of cash, wire transfer, cashier's check, or other immediate available funds.

(b) An assumption of all the obligations of Seller under the Leases, and under the assignable Service Contracts, both in a form reasonably acceptable to Seller.

(c) Any other documents required by this Agreement to be delivered to Seller or Escrow Holder.

(d) Evidence reasonably acceptable to Seller that the documents delivered by Buyer to Seller at Closing have been duly authorized by Buyer, duly executed on behalf of Buyer, and when delivered constitute valid and binding obligation of Buyer.

SECTION 7
Permitted Exceptions

At the Closing, fee simple title to the Property shall be conveyed to buyer by Seller by Deed, subject only to the following matters ("Permitted Exceptions")

(a) Approved Title Matters. Matters of title respecting the Property Approved or deemed approved by Buyer in accordance with this Agreement.

(b) Exceptions Created By or With Consent of Buyer. Matters affecting the condition of title to the Property created by or with the written consent of Buyer.

(c) Survey Subject to Section 8.1(b), approved items only shown By a survey of the Property

(d) Tenant's Rights. The Leases and the rights of the tenants approved by Buyer, thereunder in existence as of the Closing but excluding any right to purchase any part of the Property.

(e) Easements. Existing recorded easements not inconsistent with Buyer's intended use.

SECTION 8
Conditions to the Close of Escrow

8.1 Conditions Precedent to Buyer's Obligations. The following conditions must be satisfied not later than the Closing Date or such other period of time as may be specified below and, such, are conditions precedent to Buyer's obligations under Section 6.2

(a) Title Seller shall furnish to Buyer a preliminary title report for the Property prepared by the Title Company together with the copies of the documents described in such report within five days after opening of Escrow. Buyer will have until 5:00 p.m. Pacific Standard Time on the tenth business day thereafter to examine the preliminary title report and the documents and to notify Seller in writing of any defects in the title. If Buyer fails to notify Seller of any defects, title shall be deemed accepted. If Buyer timely notifies Seller of specific defect by such date, Seller will have seven (7) days after receipt of Buyer's notification of any defect in which to advise Buyer that:

(i) Seller will remove any objectionable exceptions to title or obtain appropriate endorsements to the Title policy on or before the Closing Date; or

(ii) Seller will not cause the exception to be removed

If Seller advises Buyer that it will not cause the exceptions to be removed, Buyer will have five (5) days to elect, as its sole remedy, to:

(i) proceed with the purchase and acquire the Property subject to such exceptions without reduction in the Purchase Price; or

(ii) terminate this Agreement by written notice to Seller and the Escrow Holder, in which case the Deposit and any interest thereon Will be returned to Buyer and the cancellation costs will be equally Borne by Seller and by Buyer.

If Buyer does not give Seller notice of its election within five (5) days, Buyer will be deemed to have elected to proceed with this transaction.

(b) Review of Survey. Seller will promptly provide to Buyer an ALTA survey for the Property heretofore prepared at Seller's sole cost and expense (Seller may provide a prior as-built ALTA survey to Buyer for review while ordering an update to be delivered later during the due diligence period). Buyer will have until the expiration of the Due Diligence Period to examine the survey and notify Seller in writing of any defects in the survey. If Buyer fails to notify Seller in writing of any such defects, the Buyer is deemed to have accepted the survey and shall proceed to Closing. If buyer timely notifies Seller of specific defects, Seller will have five (5) days after receipt of Buyer's written notification in which to advise Buyer that:

(i) Seller will remove any objectionable exceptions to the survey or obtain appropriate endorsements to the Title policy on or before the Closing Date; or

(ii) Seller will not cause the items to be removed or cured.

If Seller advises Buyer that it will not cause the exceptions to be removed, Buyer will have five (5) days to elect, as its sole remedy; to:

(i) proceed with the purchase and acquire the Property subject to such exceptions in the survey without reduction in the Purchase Price; or

(ii) terminate this Agreement by written notice to Seller and the Escrow Holder. In which case the Deposit and any interest thereon will be returned to Buyer and the cancellation costs will be equally borne by Seller and by Buyer.

If Buyer does not give Seller, in writing, notice of its election to terminate within five (5) days, Buyer will be deemed to have approved this transaction.

(c) Representations, Warranties and Covenants of Seller. Seller will have duly performed each and every agreement to be performed by Seller hereunder and, subject to the provisions of Section 9 and 10, Seller's representations, warranties and covenants set forth in this Agreement will be true and correct to the best of Seller's knowledge as of the Closing Date.

(d) Seller's Deliveries. Seller will have delivered the items described in Section 6.1.

(e) Title Insurance. As of the Closing, the Escrow Holder will issue or have committed to issue the Title Policy to Buyer subject only to the Permitted Exceptions. The conditions set forth in this section 3.1 are solely for the benefit of Buyer and may be waived only by Buyer. At all times Buyer has the right to waive any condition. Such waiver or waivers must be in writing to Seller.

8.2 Conditional Precedent to Seller's Obligations. The following conditions must be satisfied not later than the Closing Date or such other period of time as may be specified below and, as such, are conditions precedent to Seller's obligations under Section 6. 1:

(a) Representations, Warranties and Covenants of Buyer. Buyer will have duly performed each and every agreement to be performed by Buyer hereunder and Buyer's representations, warranties and covenants set forth in this Agreement will be true and correct as of the Closing Date.

(b) Buyer's Deliveries. Buyer shall have delivered to Escrow Holder the items described in Section 6.2.

The conditions set forth in this Section 8.2 are solely for the benefit of Seller and may be waived only by Seller At all times Seller has the right to waive any condition. Such waiver or waivers must be in writing to Buyer. If any conditions are not satisfied on or before the Closing Date, Seller has not waived the unsatisfied conditions and all conditions precedent to Buyer's obligations hereunder have been satisfied, Buyer will be deemed to be in default, and Seller's sole remedy will be to terminate this Agreement and receive the Deposit plus accrued interest.

SECTION 9

Due Diligence Period

9.1 Due Diligence Matters Buyer shall have the right, at any time up to August 31, 2005 at 5:00 p.m. Pacific Standard Time to terminate this Agreement for any reason in Buyer's sole discretion upon written notice to Seller and Escrow Holder. During this time, Buyer may, if Buyer chooses to do so, investigate the following matters:

(a) the physical condition of the Property, including without limitation, soil conditions, the status of the Property with respect to asbestos and other hazardous and toxic materials, and compliance of the Property with all applicable laws, including any laws relating to hazardous and toxic materials. Seller will allow Buyer and/or its agents access to the Property to perform any and all investigations and inspections desired by Buyer (provided that any entry will be subject to the provisions of Section 14).

(b) All applicable governmental ordinances, rules and regulations and evidence of Seller's compliance therewith, including without limitation zoning and building regulations;

(c) All licenses, permits and other governmental approvals and/or authorizations relating to the Property; and

(d) All leases, agreements, contracts, documents, instruments, reports, surveys, books and records relating to the Property in Seller's possession delivered by Seller to Buyer. Buyer shall have the right to verify rents and other income with Management Company.

9.2 Documents Pertaining to Property. Seller shall use reasonable efforts to identify and produce to Buyer (or make available to Buyer at the office of the manager of the Property) copies of information in Seller's possession that is relevant and material to the Property. Buyer acknowledges, however, that all information identified or provided must be confirmed or verified by Buyer as to accuracy and completeness during the Due Diligence Period. In the event this Agreement is cancelled (i) for any reason, Buyer shall deliver and quit claim to Seller all materials delivered or made available to Buyer and Seller pursuant to this Section 9.2, and (ii) for any reason other than a willful default by Seller under this Agreement, Buyer shall also deliver and quit claim to Seller for no further consideration all studies and reports (including without limitation, any soil reports, environmental studies, feasibility studies, engineering data, plans and specifications, platting or site plan or related planning materials and marketing reports) obtained by Buyer in connection with the Property from sources other than Seller.

SECTION 10
Property "As-Is/Where-Is"

10.1 As-Is/Where-Is Purchase. Buyer acknowledges that during the Due Diligence Period Buyer will have the opportunity to conduct such investigations and evaluations of the Property and to analyze such facts as Buyer deems necessary or appropriate. Buyer acknowledges that it is relying solely on the following in concluding the transaction contemplated hereunder: (1) any independent investigations conducted by or at the behest of Buyer respecting the Property and all other aspects of this transaction, (2) the advice of Buyer's consultants, (3) the representations and warranties of Seller contained herein, and (4) the truthfulness and accuracy of materials and information provided by Seller at the Closing in its then condition and its then location, "AS-IS/WHERE-IS" and with all faults, if any, subject to and in reliance on Section 5.1.

SECTION 11
Title Insurance

At the Closing, Escrow Holder will cause the issuance to Buyer of a standard CLTA policy of title insurance in an amount equal to the Purchase Price showing fee title to the Property vested in Buyer subject only to the Permitted Exceptions ("Title Policy") and the standard printed exceptions and conditions in the policy of title insurance. If Buyer elects to obtain any endorsements or an ALTA policy, the additional premium for the extended ALTA coverage and the costs of any endorsements will be at Buyer's sole cost and expense. Notwithstanding the foregoing, Seller shall not be required to incur any liability or provide any indemnities respecting the extended ALTA coverage or any endorsements requested by Buyer. Escrow Holder, by closing the Escrow, shall be deemed to have irrevocably committed to cause the issuance of the Title Policy.

SECTION 13

Prorations

13.1 Taxes. All non-delinquent real estate taxes on the Property will be prorated as of the Closing based on the actual current tax bill. If the Closing takes place before the real estate taxes are fixed for the tax year in which the Closing occurs, the apportionment of real estate taxes will be made on the basis of the real estate taxes for the immediately preceding tax year applied to the latest assessed valuation which shall then be re-prorated between Buyer and Seller no later than ninety (90) days after the date the new tax bill is received by Buyer. All delinquent taxes, if any, on the Property will be paid at the Closing from funds accruing to Seller. All supplemental taxes billed after the Closing for periods prior to the Closing will be paid promptly by Seller. The provisions of this Section 13.1 shall survive Closing for a period of six (6) months after the Closing Date.

13.2 Rents. All rents and charges paid to Seller under the leases will be prorated as of Closing based upon figures to be supplied by Seller to Escrow Holder. If Seller receives any prepaid rents or other charges from tenants applicable to periods after Closing, then Buyer shall be credited through Escrow with such rents and charges or, if received after Closing, such amounts shall be paid promptly to Buyer. If, at Closing there are any past due rents or charges owed by tenants with respect to periods prior thereto, when such amounts are paid they will be disbursed in the following order of priority: (i) first (to be paid to Seller), any delinquent rents accruing before the Closing Date, (ii) second to any delinquent rents accruing on/or after the Closing Date, and (iii) third to current rents.

13.3 Security Deposits. Buyer shall be credited through Escrow with the amount of any refundable or non-refundable Security Deposits and any other refundable or non-refundable tenant deposits or fees previously received by Seller or on behalf of Seller that have not been, as of Closing, expended or applied to tenant obligations pursuant to the Leases. On or before Closing, Seller shall notify Buyer of those Security Deposits or other deposits or fees which have been expended between the date hereof and the expiration of the Due Diligence Period. Seller shall cause any non-cash Security Deposit to be re-issued in Buyer's name as of the Closing Date. Seller shall not use a Security Deposit (or any portion thereof) after the expiration of the Due Diligence Period without the prior written consent of Buyer or unless the tenant has vacated the premises to which said Security Deposit is attributable.

13.4 Utilities. Water, electricity, gas and other utility payments or charges shall not be adjusted through Escrow if readings can be made at Closing by the utility companies. Buyer agrees to open accounts with the respective utilities and to cooperate with Seller in requesting readings as of the Closing. In the event that appropriate readings cannot be obtained as of Closing, then adjustments shall be made by Buyer and Seller through Escrow on the basis of estimates from the latest bills available. The foregoing provisions shall not apply to utility accounts held in the name of Tenants.

13.5 Other Provisions. All rent received on existing leases shall be prorated. Further, all Rent Concessions including free rent and other net landlord concessions for the benefit of the tenants under the Leases and unpaid leasing commission for existing leases shall be credited to Buyer at Closing. Seller will provide preliminary figures relating to the foregoing no later than ten (10) days prior to Closing.

13.6 Method of Proration. All proration will be made as of the Closing date based on a 365 day year or a 30 day month, as applicable.

13.7 Indemnification. Seller shall assume and pay all debts, charges, claims, damages and liabilities attributable to the operation of the Property before Closing and shall hold Buyer harmless therefrom and indemnify and defend against the same, except liabilities expressly assumed in writing by Buyer, including without limitation, obligations of landlord under the Leases. Buyer shall assume and pay all debts, charges, claims, damages and liabilities attributable to the operation of the Property after the Closing and shall hold Seller harmless therefrom and indemnify and defend against the same, except liabilities expressly assumed in writing by Seller, including without limitation, obligations of landlord under the Leases. This Section 13.7 shall survive the closing and transfer of title to the Property.

SECTION 14

Access

Buyer, Buyer's employees and representatives will be afforded access to the Property, throughout and after the Due Diligence Period, for the purposes of conducting an investigation of the feasibility of purchasing the Property. Buyer agrees to give Seller reasonable notice prior to such entry and shall not interfere with the normal operation of the Property or any tenant's occupancy thereof. Buyer shall not conduct any invasive testing on the Property without obtaining Seller's written consent. Buyer's access to the Property during and after the expiration of the Due Diligence Period shall not be deemed to extend the Due Diligence Period. Buyer covenants and agrees to indemnify and hold Seller harmless from all losses, damages, costs and expenses arising from entry upon the Property by Buyer or any representative or agent of Buyer.

SECTION 15

Remedies

15.1 Default by Seller. In the event the Closing and the consummation of the transaction contemplated by this Agreement do not occur by reason of any defaults by Seller, Buyer will have the right to receive a refund of the Deposit plus accrued interest thereon or to pursue an action for specific performance.

15.2 Default by Buyer. IF THE CLOSING DOES NOT OCCUR BY REASON OF ANY DEFAULT BY BUYER, BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES SUFFERED BY SELLER AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THIS DATE OF THIS AGREEMENT, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SUBSECTION REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLER WOULD INCUR AS A RESULT OF SUCH FAILURE; PROVIDED, HOWEVER THAT THIS PROVISION WILL NOT WAIVE OR AFFECT BUYER'S INDEMNITY OBLIGATIONS AND SELLER'S RIGHTS TO THOSE INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, BUYER AND SELLER DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT THAT BUYER IS IN DEFAULT UNDER THIS AGREEMENT IS AN AMOUNT EQUAL TO ALL THE DEPOSITS (WHICH INCLUDES ANY ACCRUED INTEREST THEREON). THIS AMOUNT WOULD BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR THE BREACH OF THIS AGREEMENT BY BUYER AND WOULD SERVE AS SELLER'S SOLE REMEDY AGAINST BUYER, PROVIDED, HOWEVER THAT THE SELLER MAY ENFORCE BUYER'S INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT. THE PAYMENT OF SUCH AMOUNT IS NOT INTENDED AS A FORFEITURE OR A PENALTY. UPON DEFAULT BY BUYER, THIS AGREEMENT WILL BE TERMINATED AND, EXCEPT FOR THE FOREGOING, NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EACH TO THE OTHER.

Seller's Initials

Buyer's Initials

SECTION 16

Brokers

16.1 Commissions. Seller and Buyer hereby acknowledge and agree that, in connection with the transaction contemplated by this agreement, Ron Robinson, National Commercial Properties, and Karyne Morris, KB Moths Real Estate, Inc. and Nationwide Commercial Brokers shall receive commissions. National Commercial Properties and KB Morris Real Estate, Inc. and Nationwide Commercial Brokers shall receive a commission of 2% each of the Purchase Price. Such commission shall be paid by Seller at Closing.

16.2 Indemnification. The parties represent and warrant that no Broker, other than those brokers set forth in Section 16.1, has been engaged by them in connection with any of the transaction contemplated by this agreement. Buyer and Seller will indemnify save harmless and defend the other from any liability, cost or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by them in connection with this transaction, other than those brokers set forth in Section 16.1.

SECTION 17
Miscellaneous Provisions

17.1 Nevada Law. The laws of the State of Nevada shall govern the validity, construction, performance and effect of this Agreement.

17.2 Successors. This agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns (where permitted).

17.3 Non-Waiver. The failure to enforce or the delay in enforcement of any provision of this Agreement by a party hereto or the failure of a party to exercise any right hereunder shall in no way be construed to be a waiver of such provision or right (or of any other provision or right hereof whether of a similar or dissimilar nature) unless such party expressly waives such provision or right in writing.

17.4 Partial Invalidity. If any term, provision, covenant or condition of this Agreement or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants, and conditions of this Agreement, and all applications thereof, not held invalid, void or unenforceable, shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

17.5 Attorneys' Fees. In the event any action is commenced by either party against the other in connection herewith (including any action to lift a stay or other bankruptcy proceeding), the unsuccessful party shall pay the costs and expenses, including reasonable attorneys' fees, as determined by the court, of the prevailing party.

17.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supercedes all prior representations, agreements and understandings of the parties, including any "letter of intent", "letter of understanding" or similar documents. No addition to or modification of this Agreement shall be binding unless executed in writing by the parties hereto.

17.7 Counterparts. This agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall constitute one and the same Agreement. Any signature page of this Agreement may be detached from any counterpart without impairing the legal effect of any signatures thereon, and may be attached to another counterpart, identical in form thereto, but having attached to it one or more additional signature pages.

17.8 Tax Deferred Exchange. Seller and Buyer each agree to participate in a tax deferred exchange transaction for the benefit of the other, provided that such participation shall be at no cost, liability or other obligation to the accommodating party.

17.9 Condemnation. If, prior to Closing, any portion of the Property is taken by eminent domain (or is the subject of a pending or contemplated taking which has not been consummated), Seller shall after it has been informed of such taking, promptly give Buyer notice thereof and Buyer shall have the option to terminate this Agreement upon notice to Seller given not later than ten (10) days after Buyer learns of such taking. If this Agreement is so terminated, the Deposit and accrued interest thereon shall be returned to Buyer, Seller and Buyer shall each pay one-half (1/2) of the cost of any cancellation fees or costs of the Escrow Holder, and neither Buyer nor Seller shall have any further rights or obligations under this Agreement except as set forth in Section 15 hereof. If Buyer does not so terminate this Agreement, then Buyer and Seller shall proceed to Closing pursuant to the terms of this Agreement, except that the Purchase Price shall be reduced by the amount of any awards for such taking awarded as of Closing, and Seller shall assign and turn over to Buyer, and Buyer shall be entitled to receive and retain, any awards for such taking not awarded as of closing.

17.10 Damage and Destruction. If, prior to the Closing Date, the property is materially damaged or destroyed by fire or other casualty, Seller shall promptly notify Buyer of such fact. Buyer shall have the right to terminate this Agreement upon notice to Seller given not later than ten (10) days after the receipt of Seller's notice of damage or destruction. If this Agreement is so terminated, then the following shall occur: (1) the Deposit and the interest accrued thereto shall be refunded to Buyer, (2) Buyer and Seller shall each pay one-half (1/2) of the cancellation costs and fees of the Escrow Holder, and (3) neither Buyer nor Seller shall have any further rights or obligations under this Agreement except as set forth in Section 15 hereof. If Buyer does not terminate this Agreement, then neither Buyer nor Seller shall have the right to terminate this Agreement by reason of such damage or destruction, but Seller, at closing, shall assign and turn over to Buyer all casualty insurance proceeds payable with respect to such damage or destruction, and Buyer and Seller shall proceed to close pursuant to the terms of this Agreement, without modification of the terms of this Agreement and without any reduction in the Purchase Price (except for a credit against the Purchase Price in the amount of the casualty insurance deductible). Notwithstanding the immediate preceding sentence, in no event shall Seller assign any insurance proceeds to Buyer in an amount greater than the Purchase Price plus the deductible.

17.11 Seller is aware that the President of U.E.G., Ray Koroghli, is an active Nevada Real Estate Licensee. Buyer is aware that the Denver Fund I, Ltd. President, Paul Winger is a licensed Real Estate Broker and that William S. Biddle and Clifford Strand of Secured Diversified Investment, Ltd. Are licensed Real Estate Brokers.

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the day and year first above written.

“Buyer“

“Seller”

Ray Koroghli or Assignee

Secured Diversified Investment, Ltd.
A Public Corporation in Nevada

By: Ray Koroghli

By: William Biddle

Its: _____

Its: V.P. Real Estate
Acquisition Sales

Denver Fund I, Ltd.
A Colorado Limited Partnership
By Certified Property Advisors, G.P.

Its:/s/ Paul Winger
Paul Winger, President

JOINDER BY ESCROW HOLDER

For good and valuable consideration, Escrow Holder hereby acknowledges and agrees to the following:

1. Alliance Title Company agrees to act as Escrow Holder under this Agreement, and will abide by the terms of this Agreement and perform its obligations in accordance therewith; and
2. The Opening of Escrow occurred on June 28, 2005.
3. Escrow Holder will not follow later instructions which in any way modify or contradict the terms of this Agreement, unless such instructions are provided in a written document which is duly executed by Seller and Buyer.

By Alliance Title
Name Brenda Burnett
Title Escrow Officer/Manager
Escrow No 15083848

CERTIFICATIONS

I, Clifford L. Strand, certify that;

- (1) I have reviewed this quarterly report on Form 10-QSB of Secured Diversified Investment, Ltd.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 22, 2005

/s/ Clifford L. Strand _____

By: Clifford L. Strand

Title: Principal Executive Officer

CERTIFICATIONS

I, Munjit Johal, certify that;

- (1) I have reviewed this quarterly report on Form 10-QSB of Secured Diversified Investment, Ltd.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 22, 2005

/s/ Munjit Johal
By: Munjit Johal
Title: Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-QSB of Secured Diversified Investment, Ltd. for the quarter ended June 30, 2005, I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) the Quarterly Report on Form 10-QSB of Secured Diversified Investment, Ltd. for the quarter ended June 30, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Quarterly Report on Form 10-QSB for the quarter ended June 30, 2005, fairly presents in all material respects, the financial condition and results of operations of Secured Diversified Investment, Ltd.

By: /s/ Clifford L. Strand

Name: Clifford L. Strand

Title: Principal Executive Officer

Date: August 22, 2005

By: /s/ Munjit Johal

Name: Munjit Johal

Title: Principal Financial Officer

Date: August 22, 2005