

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 23, 2007

Secured Diversified Investment, Ltd.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation)

000-30653
(Commission File Number)

80-0068489
(I.R.S. Employer Identification No.)

12202 North Scottsdale Road , Phoenix, AZ
(Address of principal executive offices)

85054
(Zip Code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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SECTION 1 - Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

On October 25, 2007, we sold our 53.8% membership interest in Diversified Commercial Brokers, LLC ("DCB") to the Sutterfield Family Trust and Wayne Sutterfield (together, "Sutterfield"). The primary asset of DCB is an 8,685 square foot office building located at 5030 Campus Drive in Newport Beach, California 92660 (the "Campus Property"). In exchange for the sale of our membership interest in DCB, we received: (a) an indemnity on certain obligations pertaining to the Campus Property, including a ground lease, first and second trust deeds, and property taxes; and (b) a release from Sutterfield on any debt we owe, including two promissory notes in the principal amount of \$138,630.32 and all accrued interest thereon.

The foregoing is not a complete summary of the terms of the LLC Membership Interest Transfer Agreement, and reference is made to the complete text thereof attached hereto as Exhibit 10.1.

On October 23, 2007, we entered into a Grant Deed in Lieu of Foreclosure with Val-Chris Investments, Ltd. ("Val-Chris") and granted Val-Chris our interest in the "Katella Center," a strip mall consisting of six retail rental units of various sizes totaling approximately 9,500 square feet, located at 632-650 E. Katella Avenue in Orange, California. We were in default of the first trust deed with Val-Chris, and granted ownership in the Katella Center to avoid foreclosure proceedings.

The foregoing is not a complete summary of the terms of the Grant Deed in Lieu of Foreclosure, and reference is made to the complete text thereof attached hereto as Exhibit 10.2.

SECTION 2 - Financial Information

Item 2.01 Completion of Acquisition or Disposition of Assets

The information set forth in Item 1.01 of this Current Report on Form 8-K that relates to the disposition of assets is incorporated by reference into this Item 2.01.

SECTION 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

Exhibit No. Description

- | | |
|-----------------------------|---|
| <u>10.1</u> | <u>LLC Membership Interest Transfer Agreement, dated October 25, 2007</u> |
| <u>10.2</u> | <u>Grand Deed in Lieu of Foreclosure, dated October 23, 2007</u> |

SIGNATURES

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

Secured Diversified Investment, Ltd.

/s/ Munjit Johal

Munjit Johal

Chief Financial Officer

Date: October 29, 2007

LLC MEMBERSHIP INTEREST TRANSFER AGREEMENT

THIS LLC MEMBERSHIP INTEREST TRANSFER AGREEMENT (this "Agreement") is entered into as of October 17, 2007, by and between Secured Diversified Investment Ltd., a Nevada corporation ("SDI") and the Sutterfield Family Trust and Wayne Sutterfield, a resident of Arizona (collectively referred to hereafter as "Sutterfield").

RECITALS

WHEREAS, SDI and Sutterfield are parties to an Operating Agreement dated as of December 30, 2002 and amended December 30, 2003 (the "LLC Agreement"). The LLC Agreement addresses, among other things, the formation, management and operation of Diversified Commercial Brokers, LLC, a California limited liability company (the "Company"). The assets of the Company are an 8,685 square foot office building located at 5030 Campus Drive in Newport Beach, California 92660 (the "Property") and a DDA Business MMA Account No. 2901122 with a balance of approximately \$72,722.

WHEREAS, SDI and Sutterfield (each, a "Member" and together the "Members") are each members of the Company and the LLC Agreement allows for the transfer of any Interest of one Member in the Company to another Member.

WHEREAS, on December 30, 2003, Sutterfield transferred a portion of his Interest in the Company to SDI in exchange for, among other things, a promissory note dated January 4th, 2004 in the amount of \$71,630.32 in favor of Sutterfield. The note bears interest at an annual rate of eight percent (8%) and is secured by SDI's Interest in the Company and the Property. SDI also signed a promissory note in the amount of \$67,000 in favor of Sutterfield that bears interest at an annual rate of eight percent (8%) and is secured by the Property. These promissory notes are hereinafter referred to as the "Notes."

WHEREAS, the Notes have matured, and Sutterfield provided written notification to SDI that it is in default of both the Notes and the LLC Agreement.

WHEREAS, SDI currently owns a fifty-three and eight tenths percent (53.8%) Interest in the Company and Sutterfield owns a forty-six and two tenths percent (46.2%) interest in the Company.

WHEREAS, in order to settle the relationship between the parties, including the unpaid principal balance and accrued interest remaining on the Notes, Sutterfield desires to receive from SDI, and SDI desires to transfer to Sutterfield, one-hundred percent (100%) of SDI's total Interest in the Company subject to the terms and conditions set forth herein.

In consideration of the foregoing and the mutual promises contained herein, the parties agree as follows:

AGREEMENT

1. Receipt and Transfer of Membership Interest.

(a) Sutterfield shall receive from SDI, and SDI shall transfer to Sutterfield 100% of SDI's total Interest in the Company (the "Transferred Membership Interest") in exchange for the following: (1) an indemnity in favor of SDI on the ground lease of Lot 10 of Tract #9626 (Building No. 23), any mortgage to the Property consisting of a first and second trust deed in the favor of Pacific Western Bank and Crain, Glasgow & Cheever, respectively, and unpaid property taxes, and (2) a release in favor of SDI of any debt owed by SDI to Sutterfield, including the Notes, advances, and all accrued interest thereon.

(b) The Transferred Membership Interest shall be transferred by SDI to Sutterfield, at 10:00 a.m. Pacific time on October 17, 2007 (the "Closing"). At the Closing, Sutterfield shall deliver to SDI an Indemnity Agreement in the form substantially to that of Exhibit A attached hereto, and a Cancellation of Debt and Release in the form substantially to that of Exhibit B attached hereto. Simultaneously, SDI shall deliver to Sutterfield an Assignment of Membership Interest, in the form substantially to that of Exhibit C attached hereto.

(c) SDI agrees and acknowledges that no certificate or certificates are necessary to evidence the Transferred Membership Interest that is being transferred by SDI to Sutterfield hereunder; such transfer shall be deemed effective automatically, without further notice or instruction from SDI, at the Closing conditioned upon execution of the documents noted in Section 2(b).

(d) From and after the Closing, all equitable and legal rights, title and interests in and to SDI's Interest shall be owned, held and exercised by Sutterfield. All capital calls, obligations and liabilities, if any, under the Company's LLC Agreement shall be the sole responsibility of Sutterfield.

2. Revised Membership Interests and Capital Accounts.

Each Member's Interest in the Company, adjusted to reflect the transfer of the Transferred Membership Interest by SDI to Sutterfield hereunder, is set forth below:

<i>Member</i>	<i>Percentage Interest in Company Prior to Sale of Transferred Membership Interest</i>	<i>Percentage Interest in Company Following Sale of Transferred Membership Interest</i>
SDI	53.8%	0%
Sutterfield	46.2%	100%

The Capital Accounts of Sutterfield and SDI shall be adjusted to reflect the transfer of the Transferred Membership Interest to Sutterfield.

3. Resignation as Member; Resignation of SDI as Manager; Amendment of Bylaws and LLC Agreement.

The parties agree that, effective upon the Closing, SDI will have no further rights as a Member in the Company, and SDI will resign as Manager of the Company. The parties agree that upon the transfer of Membership Interest pursuant to this Agreement, Sutterfield shall be free to amend the Bylaws and the LLC Agreement, and to take any and all such other actions, and amend any and all such other documents, agreements, instruments or certificates, as may be necessary or appropriate to effectuate and carry out the purpose and intent of the foregoing and the transactions contemplated by this Agreement.

4. Notices.

Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given on the date of service if served personally or five days after mailing if mailed by first class United States mail, certified or registered with return receipt requested, postage prepaid, and addressed as follows:

To Members: The address listed after their signatures below.

5. Expenses.

Except as otherwise expressly contemplated in this Agreement, each party shall bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby and thereby.

6. Binding Effect.

This Agreement shall be binding upon the legal representatives and successors of the SDI and Sutterfield.

7. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. Entire Agreement.

This Agreement and Exhibits thereto constitutes the entire agreement of the parties pertaining to the sale of the Interest by the SDI and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties with respect to such sale.

9. Counterparts.

This Agreement may be signed in counterparts with the same effect as if the signature on each such counterpart were on the same instrument. Facsimiles of signatures shall be deemed to be originals.

[The balance of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Member - SECURED DIVERSIFIED INVESTMENT LTD.

By: /s/ Jan Wallace 10-25-07
Name: Jan Wallace
Title: President

Address: 12202 N. Scottsdale Road
Phoenix, Arizona 85254

**Member - SUTTERFIELD FAMILY TRUST /WAYNE
SUTTERFIELD**

By: /s/ Wayne Sutterfield 10-17-07
Name: Wayne Sutterfield

Address: 27834 N. 124th Lane
Peoria, Arizona 85383

Exhibit A

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Indemnity") is made pursuant to the LLC Membership Interest Transfer Agreement (the "Agreement") and entered into as of October __, 2007, between Wayne Sutterfield (the "Sutterfield") and Secured Diversified Investment Ltd. ("SDI").

FOR VALUE RECEIVED, Sutterfield agrees to indemnify, defend and hold SDI and its current and future affiliates, control persons, directors, officers, employees and agents (each an "Indemnified Person") harmless from and against all losses, claims, damages, liabilities, costs or expenses, related to (a) any mortgages, deeds of trust, liens or other encumbrances, including property taxes, held on the Property; and (b) any ground leases, tenant leases, easements and other interests regarding that certain property located at 5030 Campus Drive in Newport Beach, California 92660.

IN WITNESS WHEREOF, the parties hereto have executed this Indemnity as of the date first above written.

Indemnitor

Indemnitee

/s/ Wayne Sutterfield

/s/ Jan Wallace 10-25-07

Sutterfield Family Trust

Secured Diversified Investment
Ltd.

/s/Wayne Sutterfield 10-17-07

Wayne Sutterfield

Exhibit B

CANCELLATION OF DEBT AND RELEASE

This Cancellation of Debt and Release (this "Release") is made pursuant to the LLC Membership Interest Transfer Agreement (the "Agreement") and entered into as of October __, 2007, between Wayne Sutterfield (the "Creditor") and Secured Diversified Investment Ltd. (the "Debtor").

The Creditor is the holder of a promissory note made by Debtor in the amount of \$71,630.32 dated January 4, 2004. The Creditor is also the holder of a promissory note made by Debtor in the amount of \$67,000 (together, the "Notes"). In consideration for the Interest described in the Agreement to which this Release forms a part, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Creditor hereby cancels the Notes and waives his rights to any payments thereunder, including all principal and interest accrued thereon. Creditor represents and warrants that it owns all right, title, and interest in and to the Notes and there are no claims, rights, and interests of any third parties, including, but not limited to, any said interests which may be asserted under marital and community property laws.

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date first above written.

Creditor

Debtor

/s/ Wayne Sutterfield

/s/ Jan Wallace 10-25-07

Sutterfield Family Trust

Secured Diversified Investment
Ltd.

/s/Wayne Sutterfield 10-17-07

Wayne Sutterfield

Exhibit C

ASSIGNMENT OF MEMBERSHIP INTEREST

This Assignment of Membership Interest (this "Assignment") is made pursuant to the LLC Membership Interest Transfer Agreement (the "Agreement") and entered into as of September __, 2007, between Secured Diversified Investment Ltd. ("Assignor") and Wayne Sutterfield (the "Assignee").

FOR VALUE RECEIVED, Assignor herewith sells, assigns, transfers and conveys to Assignee, the entirety of Assignor's rights, title and interests as member of and in Diversified Commercial Brokers LLC, a California limited liability company (the "Company"), which shall include, without limitation, Assignor's fifty-three and eight tenths percent (53.8%) capital and profits interest in the Company, Assignor's capital account balance in the Company, Assignor's distributions and liquidation rights in the Company and Assignor's voting and management rights and powers in the Company.

This Assignment in the Company is made in accordance with and in complete satisfaction of the requirements of Article V of the Operating Agreement of the Company dated as of December 30, 2002 and amended December 30, 2003.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

Assignor

Assignee

/s/ Jan Wallace 10-25-07

/s/ Wayne Sutterfield

Secured Diversified Investment
Ltd.

Sutterfield Family Trust

/s/Wayne Sutterfield 10-17-07

Wayne Sutterfield

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENT TO:

Name Mr. Robert Cornish
% Val-Chris Investments, Inc.
Street 2601 Main Street, Suite 280
City, State Irvine, CA 92614
Zip

Title Order No. Escrow No.

Grant Deed IN LIEU OF FORECLOSURE

THE UNDERSIGNED GRANTOR (S) DECLARE (S)

DOCUMENTARY TRANSFER TAX IS \$ _____

Unincorporated area City of Orange

Parcel No. 375-161-01

Computed on full value of interest or property conveyed, or

computed on full value less value of liens or encumbrances remaining at time of sale,
and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

SECURED DIVERSIFIED INVESTMENT CO., A NEVADA CORPORATION

Hereby GRANT(S) to

BOB CORNISH, TRUSTEE OF THE CORNISH CONSTRUCTION PENSION PLAN

the following described real property in the CITY OF ORANGE

County of ORANGE, State of California

A LEASEHOLD ESTATE IN AND TO THE FOLLOWING PROPERTY:

EXACT LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT 'A' AND MADE A PART HEREOF.

COMMONLY KNOWN AS: 632-650 KATELLA AVE., ORANGE, CA 92667

EXHIBIT "B" ATTACHED HERETO AND MADE A

SECURED DIVERSIFIED INVESTMENT CO., A NEVADA

PART HEREOF.

CORPORATION

Dated October 5, 2007

STATE OF CALIFORNIA

COUNTY OF ORANGE

}S.S.

/s/ Munjit Johal

On October 23, 2007 (date) before me,

Munjit Johal, CFO

Ernestina Vargas Brehm, Notary

/s/ Claire Ambrosio

Munjit Johal, CFO

Claire Ambrosio, Corporate Secretary

(name[s] of signer[s]), personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Signature /s/ Ernestina Vargas Brehm

(This area for official notarial seal)

MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE

Name Street Address City & State

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA } SS
COUNTY OF LOS ANGELES

On October 23, 2007 before me, Britton M. Hookfin - Notary Public, personally appeared Claire Ambrosio,
name(s) of signer(s)

personally known to me OR proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

/s/ Britton M. Hookfin
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying in the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
INDIVIDUAL	
CORPORATE OFFICER	
_____	_____
TITLE(S)	TITLE OR TYPE OF DOCUMENT
PARTNER(S)	
LIMITED or GENERAL	
ATTORNEY-IN-FACT	
TRUSTEE(S)	_____
GUARDIAN/CONSERVATOR	NUMBER OF PAGES
OTHER:	

	DATE OF DOCUMENT
SIGNER IS REPRESENTING:	
NAME OF PERSON(S) OR	
ENTITY(IES)	
_____	_____
	SIGNER(S) OTHER THAN NAMED
	ABOVE

DESCRIPTION

THE WEST 207.00 FEET OF THE EAST 797.00 FEET OF THAT PORTION OF THE LAND ALLOTTED TO A. SEBASTIAN VAN DE GRAAF AS DESCRIBED IN THE FINAL DECREE OF PARTITION OF THE RANCHO SANTIAGO DE SANTA ANA, WHICH WAS ENTERED SEPTEMBER 12, 1868 IN BOOK B, PAGE 410 OF JUDGMENTS, OF THE DISTRICT COURT OF THE 17TH JUDICIAL DISTRICT, IN AND FOR LOS ANGELES COUNTY, CALIFORNIA, AND THAT PORTION OF LOT 1 OF TRACT NO. 962, AS SHOWN ON A MAP RECORDED IN BOOK 32, PAGE 24 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS,

BEGINNING AT A POINT IN THE NORTH LINE OF TRACT NO. 2885, AS SHOWN ON A MAP RECORDED IN BOOK 113, PAGE 50 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, SAID POINT BEING NORTH 89° 36' 56" EAST 330.00 FEET FROM THE NORTHWEST CORNER OF SAID TRACT NO. 2885; THENCE NORTH 0° 36' 53" WEST PARALLEL WITH THE CENTER LINE OF SHAFFER STREET, AS SHOWN ON SAID MAP, A DISTANCE OF 233.00 FEET TO A POINT IN THE CENTER LINE OF KATELLA AVENUE; THENCE NORTH 89° 38' 56" EAST ALONG SAID CENTER LINE OF KATELLA AVENUE 993.39 FEET TO THE POINT OF INTERSECTION OF SAID CENTER LINE WITH THE CENTER LINE OF CAMBRIDGE STREET; THENCE SOUTH 0° 36' 03" EAST ALONG SAID CENTER LINE OF CAMBRIDGE STREET 233.00 FEET TO THE NORTHEAST CORNER OF TRACT NO. 3560, AS SHOWN ON A MAP RECORDED IN BOOK 122, PAGE 43 OF MISCELLANEOUS V~PS; THENCE SOUTH 89° 38' 56" WEST ALONG THE NORTH LINE OF SAID TRACT NOS. 2885 AND 3560, A DISTANCE OF 993.34 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION INCLUDED WITHIN THE LAND DESCRIBED IN DEED TO THE CITY OF ORANGE, RECORDED JULY 13, 1964 IN BOOK 7117, PAGE 852 OF OFFICIAL RECORDS.

EXHIBIT "A"