

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d)
of the Securities and Exchange Act of 1934

For the Quarter Ended:
June 30, 2003

Commission File Number:
0-30653

SECURED DIVERSIFIED INVESTMENT, LTD.

(Name of small business issuer in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

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

5030 Campus Drive, Newport Beach California
(Address of principal executive offices)

92660
(Zip Code)

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

Check whether the Issuer (1) filed all reports required to be filed by section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date:

As of September 5, 2003, issuer had 4,811,147 shares of its \$.001 par value common stock outstanding.

PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

SECURED DIVERSIFIED INVESTMENT, LTD.
(Formerly Book Corporation of America)
Consolidated Balance Sheet

<Table>
<Caption>

June 30, 2003
(Unaudited)

<S>

<C>

ASSETS

Current Assets

Cash	\$	252,859
Note Receivable		425,000

Total Current Assets		677,859
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Fixed Assets

Equipment, net of \$650 of accumulated depreciation		5,199
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Real Estate, net of \$32,000 of accumulated depreciation	3,023,971

Total Fixed Assets	3,029,170
Investment in Subsidiaries	97,433
Prepaid Expenses	4,561

Total Assets	\$ 3,809,023
	=====

</Table>

Continued
SECURED DIVERSIFIED INVESTMENT, LTD.
(Formerly Book Corporation of America)
Consolidated Balance Sheet

<Table>

<Caption>

June 30, 2003
(Unaudited)

<S>

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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts Payable	\$ 43,516
Interest Payable	184
Payroll Liabilities	65,020
Security Deposits	29,655
Current Portion of Long-Term Debt, related party	355,646
Current Portion of Long-Term Debt	32,044

Total Current Liabilities	526,065

Long Term Liabilities

Notes Payable, related parties	174,250
Mortgages Payable	2,480,438

Total Long-Term Liabilities	2,654,688

Total Liabilities	\$ 3,180,753
Minority Interest	166,524

STOCKHOLDERS' EQUITY

Series A Preferred Stock, 7,500,000 shares authorized, \$0.01 par value, 4,997,807 issued & outstanding	49,978
Series B Preferred Stock, 20,000,000 shares authorized, \$0.01 par value, 2,552,480 issued & outstanding	25,924
Series C Preferred Stock, 22,500,000 shares authorized, \$0.01 par value, zero shares issued & outstanding	-
Common Stock, 100,000,000 shares authorized, \$0.001 par value, 4,811,147 issued and outstanding	4,811
Paid In Capital	4,271,378
Accumulated Deficit	(3,890,345)

Total Equity	\$ 461,746

Total Liabilities & Stockholders' Equity	\$ 3,809,023
	=====

</Table>

See accompanying notes

SECURED DIVERSIFIED INVESTMENT, LTD.
(Formerly Book Corporation of America)
Consolidated Statements of Operations
(Unaudited)

<Table>

<Caption>

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
REVENUES				
Rental Income	\$ 212,791	\$ -	\$ 249,378	\$ -
Total Revenues	212,791	-	249,378	-
Operating and Administrative Costs	\$ 429,704	\$ 13,312	\$ 716,060	\$ 23,853
Operating Income (Loss)	\$ (216,913)	\$ (13,312)	\$ (466,682)	\$ (23,853)
Other Income and Expenses				
Interest expense	\$ (16,807)	\$ -	\$ (30,171)	\$ -
Interest income	2,950	-	2,950	-
Other income (loss)	(174,741)	-	(219,741)	-
Net Income (Loss)	\$ (405,511)	\$ (13,312)	\$ (713,644)	\$ (23,853)
Basic and diluted income per common share				
Net income (loss) per share	\$ (0.08)	\$ (0.01)	\$ (0.20)	\$ (0.01)
Basic and diluted weight average shares	4,811,146	2,349,540	3,580,343	2,349,540

</Table>

See accompanying notes

SECURED DIVERSIFIED INVESTMENT, LTD.
(Formerly Book Corporation of America)
Consolidated Statements of Cash Flows
(Unaudited)

<Table>
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	Six Months Ended	
	June 30, 2003	June 30, 2002
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (713,644)	\$ (23,853)
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation	32,682	-
Loss on sale of note receivable	45,000	-
Loss on sale of real estate	106,832	-
Impairment of real estate	448,403	-
Increase (decrease) in liabilities		
Increase (decrease) in assets and liabilities		
Prepaid expenses	(4,561)	-
Current liabilities	117,028	(37,336)
Net cash provided (used) by operating activities	31,740	(61,189)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and tenant improvements	(62,542)	-
Proceeds from sale of real estate	231,186	-
Investment in subsidiary	(97,433)	-
Net cash provided by investing activities	71,211	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital contributions	-	61,189
Proceeds from stock issuance	20,000	-
Proceeds on notes payable - related party	123,708	-
Payments on notes payable - related party	(32,021)	-
Proceeds from notes payable	45,000	-

Payments on notes payable	(12,837)	-
Net cash provided by financing activities	143,850	61,189
Net increase (decrease) in cash	246,801	-
Cash, beginning period	6,058	-
Cash, end of period	\$ 252,859	\$ -

Supplemental disclosures:

Cash paid for interest	\$ 73,528	\$ -
Cash paid for income tax	\$ -	\$ -
Non-cash investing and financing activities:		
Property acquired through stock issuances, net of debt	\$ 411,738	\$ -
Investment in subsidiary through stock issuance, net of debt	\$ 343,610	\$ -
Conversion of note to stock	\$ 500,000	\$ -
Note receivable acquired in real estate sale transaction	\$ 425,000	\$ -
Assumption of note payable in real estate sale transaction	\$ 174,250	\$ -

</Table>

See accompanying notes

SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Financial Statements
June 30, 2003

NOTE 1 - Going Concern

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The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company, since its inception has sustained continued losses. Currently, the Company does not have significant cash, 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. The Company does not currently possess a financial institution source of financing and the Company cannot be certain that its existing sources of cash will be adequate to meet its liquidity requirements. To the extent possible, the Company will attempt to raise investment capital, satisfy debt obligations and acquire real estate holding through the issuance of additional capital stock. Such use of the capital stock of the Company may result in substantial dilution of the interest of the current shareholders of the Company. There can be no assurance that the Company will be successful in its efforts to raise investment capital, satisfy debt obligations, or acquire real estate holdings with its capital stock.

There are no assurances that the Company will be successful in any of its endeavors or will become financially viable.

NOTE 2 - Nature of Operations

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The Company was incorporated under the laws of the state of Utah on November 22, 1978. For the purpose of (1) engaging primarily in the specific business of acquiring, developing, owning, selling, leasing, licensing, and otherwise dealing with literary properties and materials, copyrights, licenses, and to carry on a negotiation for, production of, properties in the entertainment industry, and (2) acting as principal, agent, joint venturer, partner, or in any other capacity which may be authorized or approved by the Board of Directors.

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 affected by merging the foreign corporation with and into a Nevada corporation. On August 9, 2002, a merger between Secured Diversified Investment, Ltd., and Book Corporation of America was completed. Upon completion of the merger Secured Diversified Investment, Ltd., became the

surviving corporation and Book Corporation of America was dissolved. On September 18, 2002, the OTCBB symbol for the Company's common stock was changed for 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 \$.01.

On November 15, 2002, the Company notified the Securities and Exchange Commission of their change in fiscal year end from October to December. From this point forward the Company will be reporting on a regular quarterly and yearly basis.

Because of the Company's failure to develop its entertainment business, management of the Company decided to pursue the acquisition of ownership interest in real estate properties that are geographically and functionally diverse. The Company believes that by acquiring interests in properties that are geographically and functionally diverse its portfolio will be more stable and less susceptible to devaluation resulting from regional economic downturns and market shifts. The Company is currently focusing on acquiring properties in markets with strong regional economies.

SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Financial Statements
June 30, 2003

NOTE 3 - Significant Accounting Policies

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- A. The accompanying consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries, Katella Center and T-Rex Mall. Intercompany transactions and balances have been eliminated.
 - B. Investments in companies in which the Company has 20% to 50% other than temporary ownership interest (Spencer Springs) are carried at cost, adjusted for the Company's proportionate share of undistributed earnings or losses. Investments in companies in which the Company owns less than 20% interest (Campus Drive Office Building) are carried at the lower of cost or fair value.
 - C. The Company uses the accrual method of accounting.
 - D. Revenues, currently consisting of rental revenues, are recognized in the period the rent is earned.
 - E. 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.
 - F. Basic Earnings per Shares are computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted Earnings Per Share shall be computed by including contingently issuable shares with the weighted average shares outstanding during the period. When inclusion of the contingently issuable shares would have an antidilutive effect upon earnings per share no diluted earnings per share shall be presented.
 - G. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The cost of leasehold improvements is amortized over the lesser of the length of the lease of the related assets for the estimated lives of the assets. Depreciation and amortization is computed on the straight-line method.
 - H. 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.

SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Financial Statements
June 30, 2003

NOTE 4 Related Party Long-Term Debt

The following is a summary of the Company's debt to related parties at June

30, 2003:

Convertible note payable, bearing interest at 9%, interest only, maturing September 30, 2003	\$	136,146
Notes payable, due on demand		52,500
Note payable, bearing interest at 8%, interest only, maturing February 17, 2006		67,000
Note payable, bearing interest at 7.05%, maturing April 15, 2008, interest only, secured by first trust deed on T Rex Plaza Mall		100,000
Note payable, bearing interest at 10%, interest only maturing April 21, 2004		174,250

Total related party debt	\$	529,896
Less current portion of related party debt		355,646

	\$	174,250
		=====

Following are maturities of related party long-term debt for each of the next five years:

YEAR	AMOUNT
----	-----
2003	\$ 355,646
2004	-
2005	-
2006	67,000
2007	-
2008	174,250

Total	\$ 529,896

SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Financial Statements
June 30, 2003

NOTE 5 Long Term Debt Payable

Following is a summary of the Company's debt at June 30, 2003:

	2003

Mortgage payable, bearing interest at 11.5%, maturing May 15, 2005, interest only, secured by first trust deed on Katella Center	\$ 370,000
Mortgage Payable, bearing interest at 15%, maturing July 1, 2005, interest only, secured by second trust deed on Katella Center	25,000
Mortgage payable, bearing interest at 9.719%, maturing April 1, 2008, amortized monthly payment \$20,245.74, secured by first trust deed on Spencer Springs, see Subsequent Events	2,117,482

Total Long-Term Debt	\$ 2,512,482
Less current portion of long-term debt	32,044

	\$ 2,480,438

Following are maturities of long-term debt for each of the next five years:

YEAR	AMOUNT
------	--------

2003	\$ 17,209
2004	37,065
2005	436,496
2006	45,775
2007	50,495
2008	1,925,443
Total	\$ 2,512,483

NOTE 6 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 impairment include (1) significant negative industry or economic trend, and (2) a significant underperformance relative to historical or projected future operating results. As a result the Company recognized impairment of \$448,000 on the T-Rex Plaza Mall

SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Financial Statements
June 30, 2003

NOTE 7 - Stockholders' Equity

In February 2003, the Company created three series of preferred stock as follows: (1) Series A consisting of 7,500,000 shares with a par value of \$0.01 and a liquidation preference of \$1.00 per share; (2) series B consisting of 20,000,000 shares with a par value of \$0.01 and a liquidation preference of \$0.50 per share; and (3) Series C consisting of 22,500,000 shares with a par value of \$0.01 and a liquidation preference of \$3.00 per share. The Company's Series A Convertible Preferred shares have the same voting rights as Common Stock and are convertible to common stock at no cost, at the option of the holder.

Note 8 Commitments and Contingencies

Ground lease. The Company entered into a 50-year ground lease for the land under T-Rex Mall. The lease requires monthly payments of \$13,708, adjusted annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%.

Spencer Springs. The Company has the option to acquire the remaining 50% interest in Spencer Springs, LLC for \$1,000,000 in stock or cash, at the option of the members. The Company intends to pursue the acquisition as soon as financing becomes available.

NOTE 9 - Subsequent Events

Spencer Springs. Subsequent to June 30, 2003, the \$2,117,482 first trust deed on Spencer Springs was refinanced. There is now a first trust deed in the amount of \$2,250,000, bearing an interest rate of 11.50%. This debt obligation is due and payable on September 1, 2013. The current monthly payment is \$11,400.42, compare to the previous monthly payment of \$20,245.74.

Acquisition. Subsequent to June 30, 2003, the Company acquired the Hospitality Inn Located in Dickinson, North Dakota for 1,500,000 shares of restricted common stock and 2,500,000 shares of Series A Preferred Stock. Financial information on the acquired property is not yet available.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The following discussion should be read in conjunction with the

consolidated financial statements and notes thereto of the Company appearing elsewhere in this report. Such financial statements have been prepared to reflect the Company's financial position as of June 30, 2003, together with the results of operations and cash flows for the periods ended June 30, 2003 and 2002.

Forward-Looking Statements

Historical results and trends are not necessarily 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 Exchange Act of 1934, 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 such provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of management, 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 affect on the operations and future prospects of the Company include, but are not limited to: changes in general economic conditions and in the real estate market specifically (including those in the local economy of the regions where the Company's properties are located), legislative/regulatory changes, availability of capital, interest rates, competition and supply and demand for operating properties in the Company's current and proposed market areas. These risks and uncertainties should be considered in evaluating forward-looking statements, and undue reliance should not be placed on any 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 Securities and Exchange Commission. The Company does not intend to update any of the forward-looking statements after the date this report is filed to conform these statements to actual results, unless required by law.

Critical Accounting 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:

- significant negative industry or economic trend;
- a significant underperformance relative to historical or projected future operation results; and
- a significant change in the manner in which the asset is used.

Real Estate Investments

The following table presents a summary of the Company's wholly-owned properties and properties in which it owns interests through certain limited liability companies as of June 30, 2003:

<Table>

<Caption>

Property Name	Location	Ownership%	Square Feet	Date Acquired	Major Tenant (1)
<S>	<C>	<C>	<C>	<C>	<C>
Operating Properties					
Katella Center	Orange, CA	100	9,500	03/31/03 (2)	Judith by Strings
T-Rex Mall	Dickenson, ND	100	86,642	03/31/03 (2)	Newby's
Spencer Springs	Las Vegas, NV	50 (3)	24,336	03/31/03	Amerident Chris's Place
Campus Drive Office Building	Newport Beach, CA	19 (3)	8,685	01/24/03	Borders

</Table>

- (1) Tenant occupying largest space of property.
- (2) The Company assumed operations of the property in February 2003.
- (3) Limited liability company membership interest.

Acquisitions

Pursuant to the terms and conditions of an Asset Purchase Agreement consummated on March 31, 2003, between the Company and Seashore Diversified Investment Company ("Seashore"), a Maryland corporation, the Company acquired certain real estate holdings from Seashore in exchange for restricted shares of the Company's Preferred and Common Stock. Seashore is a real estate investment trust in the business of acquiring, selling and managing real estate holdings. Specifically, in exchange for 3,630,000 shares of restricted common stock of the Company and 7,370,000 shares of Series A Convertible Preferred Stock of the Company the Company was to acquire two properties, interests in two limited liability companies and the general partnership interest in Seacrest Hospitality I, a limited partnership, ("Seacrest").

During the quarter ended June 30, 2003, the Company and Seashore agreed to rescind the acquisition of the general partnership interest in Seacrest. The primary asset of Seacrest is the Hospitality Inn in Dickinson, North Dakota. Accordingly, the number of shares Seashore received in connection with the Asset Purchase Agreement was reduced by 1,168,393 shares of common stock and 2,371,193 shares of Series A Convertible Preferred Stock.

Subsequent to the quarter ended June 30, 2003, the Company consummated an agreement with Seacrest to acquire the Hospitality Inn, on leased land, in Dickinson, North Dakota for \$2,500,000 payable in the Company's restricted shares of common stock and Series A Preferred Stock in the amount of 1,500,000 shares and 2,500,000 shares, respectively. The property is a 149 room, full service hotel and convention center with a restaurant and banquet rooms. The inn is located on 6.6 acres of land that is subject to a 50-year ground lease that expires in 2053. Seacrest sold the ground to a

third party that includes Sumiye Onodera-Leonard, a director of the Company, her husband Robert J. Leonard, who manages the interest of a family trust which effectively owns 25% of the Company's outstanding common shares, and the Akira and Hisako Imamura Family Trust which is managed by the sister of Sumiye Onodera-Leonard (collectively "Landowners"). The Landowners purchased the ground from Seacrest on June 17, 2003 for \$1,300,000. The Landowners and Seacrest entered into a ground lease with monthly ground lease payments of \$10,000, \$12,000 and \$14,000 for the first three years, respectively. Beginning with the fourth year, the ground lease payment will adjust annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%. The Company is assuming the ground lease payments. Pursuant to the terms of the ground lease, Seacrest may repurchase the ground or assign its' rights to repurchase the ground to the Company. The Landowners are in the process of selling the ground to an unrelated third party. Additionally, the Company also acquired Dickinson Management Company ("DMC"), a North Dakota corporation wholly owned by Seacrest, which operated the inn, owns the liquor license and is the registered entity for various licenses and permits necessary to operate the inn. In acquiring DMC, the Company will be assuming certain liabilities.

Certain of the Company's board of directors and shareholders, Clifford L. Strand, Sumiye Onodera-Leonard, Wayne Sutterfield, and Robert J. Leonard, own limited partnership interests in Seacrest.

Pursuant to an agreement between Seashore and the other members of the limited liability company that own Spencer Springs, the Company is required to purchase the other 50% interest in the limited liability company by August 2004 for \$1,000,000. The purchase in cash or securities at the option of the other members, one of whom is an officer and director of the Company. The Company hopes to acquire the entire interest by year end 2003. The members of the limited liability company have agreed to sell their interest for 3,100,000 shares of the Company's Series B Preferred Stock and \$200,000.

Dispositions

On April 17, 2003, the Company acquired the remaining 50% interest in the Decatur Square strip mall from the other members of Decatur Square, LLC, the limited liability company which owned the property, in exchange for 1,552,480 restricted shares of the Company's Series B Preferred Stock and \$123,760. Of the shares issued to the remaining limited liability company members, 317,000 were issued to a family trust managed by an officer and director of the Company for the family trust's interest in the limited liability company and the property. Under the terms of the contract between the Company and the limited liability company, Clifford Strand and William Biddle, officers and directors of the Company received 50,000 and 60,000 shares of Series B Convertible Preferred Stock, respectively, as commissions which Seashore previously agreed to pay from the Company's acquisition of Seashore's assets.

On April 17, 2003, the Company sold the Decatur Square strip mall in Las Vegas, Nevada to an unaffiliated third-party for \$1,825,000 realizing a loss of \$106,832, net proceeds of \$231,186 and 59% in a note receivable.

Results of Operations

The comparability of the financial information discussed below is limited by acquisitions and dispositions completed during the six months ended June 30, 2003. As discussed above, during the three months ended March 31, 2003, the Company acquired a 100% ownership interest in a 9,500 square foot strip mall in Orange, California and a 89,642 square foot enclosed mall in Dickinson, North Dakota. The Company also purchased a 50% membership interest in two LLCs: one (Spencer Springs) owns a 100% interest in a 24,336 square foot, strip mall in Las Vegas, Nevada; and the other (Decatur Square) owned a 100% interest in a 16,500 square foot strip mall also located in Las Vegas, Nevada. The Company also acquired a 19% membership interest in an LLC that owns an 8,685 square foot office building in Newport Beach, California.

Three Months Ended June 30, 2003 and 2002

Comparability of the financial information discussed below is

materially impacted by the Company's acquisition of properties beginning in the first quarter of 2003.

Rental Income.

Rental income consists of monthly base rent, a percentage of common-area rent, if applicable, pursuant to tenant leases and property operating expenses recovered from tenants. Rental income increased to \$212,000 for the three months ended June 30, 2003, due to the Company acquiring properties and beginning active operations. The Company realized no rental income in the comparable period 2002.

Operating and Administrative Expenses.

Operating and administrative expenses consist primarily of payroll expenses, legal and accounting fees and costs associated with the acquisition and ownership of real properties. These expenses increased to \$416,000 to \$430,000 for the three months ended June 30, 2003, compared to \$13,000 for the three months ended June 30, 2002. The increase is attributable to the operations of the acquired real estate. Additionally, payroll increased as a result of employment agreements being executed by certain members of management effective May 1, 2003. These agreements result in a monthly expense of \$30,000 of which only \$16,000 is being paid and the balance accrued (See Part II - Item 5. Other Information). Management anticipates that operating and administrative expenses will continue to increase throughout the remainder of 2003 as the Company seeks to acquire additional real estate holdings and expand its operations.

Depreciation.

Depreciation for the three months ended June 30, 2003 was \$24,000 compared to no depreciation for the three months ended June 30, 2002. The depreciation was attributable primarily to the Katella Center, T-Rex Plaza Mall and Spencer Springs.

Interest and Other Expense.

Interest expense consists of mortgage interest paid on the Company's properties. Interest expense of \$16,807 for the three months ended June 30, 2003 was attributable to the Katella Center, T-Rex Plaza Mall and Spencer Springs properties. The Company recognized impairment with respect to the T-Rex property in the amount of \$448,000. (See Notes to Consolidated Financial Statements - Note 6). The Company paid nothing in interest and other expense during the comparable period ended June 30, 2002.

Net Income.

The net loss was \$405,000 or \$0.08 per share basic and diluted for the three months ended June 30, 2003 compared to a net loss of \$13,000 or \$0.01 per share basic and diluted for the three months ended June 30, 2002.

Six Months Ended June 30, 2003 and 2002

Comparability of the financial information discussed below is materially impacted by the Company's acquisition of properties beginning in the first quarter of 2003.

Rental Income.

Rental income consists of monthly base rent, a percentage of common-area rent, if applicable, pursuant to tenant leases and property operating expenses recovered from tenants. Rental income increased to \$249,000 for the six months ended June 30, 2003, due to the Company acquiring properties and beginning active operations. The Company realized no rental income in the comparable six month period ended June 30, 2002.

Operating and Administrative Expenses.

Operating and administrative expenses consist primarily of payroll expenses, legal and accounting fees and costs associated with the acquisition and ownership of real properties. These expenses increased

\$692,000 to \$716,000 for the six months ended June 30, 2003, compared to \$24,000 for the six months ended June 30, 2002. The increase in payroll was attributable to the execution of employment agreements for certain members of management effective May 1, 2003. These agreements result in a monthly expense of \$30,000 of which only \$16,000 is being paid and the balance accrued (See Part II - Item 5. Other Information). Management anticipates operating and administrative expenses to continue to increase throughout the remainder of 2003 as the Company seeks to acquire additional real estate holdings and expand its operations.

Depreciation.

Depreciation for the six months ended June 30, 2003 was \$33,000 compared to no depreciation for the six months ended June 30, 2002. The depreciation was attributable primarily to the Katella Center, Spencer Springs and to a new phone system.

Interest and Other Expense.

Interest expense consists of mortgage interest paid on the Company's properties and the amortization of deferred financing fees. Interest expense of \$74,000 for the six months ended June 30, 2003 was attributable to the Katella Center, T-Rex Plaza Mall and Spencer Springs properties. The Company recognized impairment in the amount of \$448,000 with respect to the T-Rex Plaza Mall (See Notes to Consolidated Financial Statements - Note 6). The Company paid nothing in interest and other expense during the comparable period ended June 30, 2002.

Net Loss.

The net loss was \$714,000 or \$(0.20) per share basic and diluted for the six months ended June 30, 2003 compared to a net loss of \$24,000 or \$(0.01) per share basic and diluted for the six months ended June 30, 2002.

Liquidity and Capital Resources

Capital Resources

As stated in financial statement Note 1 Going Concern, 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 possess a financial institution 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. To the extent possible, the Company will attempt to raise investment capital, satisfy debt obligations and acquire real estate holding through the issuance of additional capital stock. Such use of the capital stock of the Company may result in substantial dilution of the interest of the current shareholders of the Company. There can be no assurance that the Company will be successful in its efforts to raise investment capital, satisfy debt obligations, or acquire real estate holdings with its capital stock.

Since its inception, the Company has covered its capital requirement shortfall through additional financing from its control 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 control shareholders. These control shareholders, however, are under no obligations and have made no commitments to continue to fund the Company.

At June 30, 2003, the Company had \$253,000 of cash and cash equivalents as compared to \$6,000 of cash and cash equivalents at December 31, 2002 to meet its immediate short-term liquidity requirements. This increase in cash and cash equivalents resulted primarily from the cash proceeds from the sale of Decatur Square.

Operating cash flows are expected to increase as additional properties

and investments in unconsolidated real estate are added to the Company's portfolio. Cash and cash equivalents decreased since December 31, 2002 principally as a result of acquisition of real estate investments.

On May 1, 2003, the debt obligations on the Katella Center in Orange, California were refinanced. There is now a first trust deed in the amount of \$370,000, bearing an annual interest rate of 11.5%. This debt obligation is due and payable on May 15, 2005. The current monthly payment, which covers only interest, is \$3,546. On May 5, 2003, the Company also refinanced the second trust deed in the amount of \$25,000, at an annual rate of 15%. The monthly payment is \$312 per month interest only. This note is due and payable on July 1, 2005. Similarly, in August 2003 the Company refinanced the note secured by a first trust deed on its Spencer Springs, strip mall in Las Vegas, Nevada. The current outstanding indebtedness on Spencer Springs at June 30, 2003, was approximately \$2,117,482. This note matures in April 2008, with a balloon payment of approximately \$1,900,000 due at maturity. The annual interest rate on the note is 9.7%, with a monthly payment of \$20,245.74. The existing first trust deed has been refinanced for \$2,250,000. The note bears an interest rate of 4.50% fixed for the first six months after which the rate may adjust every six months no more than 1%, with a lifetime cap on adjustment of 5%, according to LIBOR. The loan is a 30 year amortizing obligation with a term of 10 years and a monthly payment of \$11,400.42. The mall was appraised by the new lender to have an estimated market value of \$4,200,000.

To date, the Company has paid no dividends and does not anticipate paying dividends into the foreseeable future.

Cash Flows from Operating Activities

Net cash provided by operating activities was \$32,000 for the six months ended June 30, 2003 compared to net cash used by operating activities of \$61,000 for the six months ended June 30, 2002. This increase in cash provided by operating activities relative to the prior period was primarily due to the Company's acquired real estate holdings and expenses relating to audit, legal and expanded compliance with federal and state securities laws. The Company had no operations during the same quarter of 2002.

Management expects cash flows from operating activities to increase due to the acquisitions of the Katella Center, T-Rex Mall, and the limited liability company membership interest in Spencer Springs and the Campus Drive Office Building as well as the acquisition of additional properties and investments in unconsolidated real estate during the remainder of the year as the Company strategically builds its real estate portfolio. Management is currently considering other 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 Company will purchase any additional properties or make any further investments in unconsolidated real estate.

Cash Flows From in Investing Activities

Net cash from investing activities amounted to \$71,000 for the six months ended June 30, 2003 compared to \$0 for the six months ended June 30, 2002, primarily from the sale of Decatur Square offset by an investment in the Campus Drive office building and various capital expenditures.

At June 30, 2003, 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.

Cash Flows from Financing Activities

Cash provided by financing activities amounted to \$144,000 for the six months ended June 30, 2003 compared to \$61,000 for the quarter ended June 30, 2002. The primary reason for the increase was proceeds from notes and the sale of preferred stock.

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.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

The Company's Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the Company's disclosure controls and procedures as of a date (the "Evaluation Date") within 90 days before the filing of this quarterly report. Based on their evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms.

PART II OTHER INFORMATION

ITEM 2 CHANGES IN SECURITIES

No instruments defining the rights of the holders of any class of registered securities were materially modified, limited or qualified during the quarter ended June 30, 2003.

Recent Sales of Unregistered Securities

On April 17, 2003, the Company acquired the remaining 50% membership interests in Decatur Center, LLC, from the holders thereof in exchange for 1,552,480 restricted Series B Convertible Preferred shares and \$123,760. In connection with the transaction two Company officers and directors received shares which Seashore previously agreed to pay for the Company's acquisition of Seashore's assets. William Biddle received 60,000 shares personally as a commission, and his family trust, of which he is the trustee, received 316,800 shares. Clifford Strand received 50,000 shares as a commission. The shares were issued without registration under the Securities Act of 1933 in reliance on an exemption from registration provided by Rule 506 of Regulation D of rules and regulations promulgated under the Securities Act, and from similar applicable state securities laws, rules and regulations exempting the offer and sale of these securities by available state exemptions. No general solicitation was made in connection with the offer or sale of these securities. No funds were received by the Company for these shares.

On August 1, 2003, the Company issued 62,000 restricted shares of Series B Convertible Preferred Stock for a total consideration of \$31,000 to the following individuals: (1) Harlan Morrison, 40,000 shares; Jay & Alicia Kister, 5,000 shares; Matt Kister, 5,000 shares; and Thomas Kister, 12,000 shares. Jay Kister is a director of the Company and the Chairman of its Audit Committee. Matt Kister and Thomas Kister are the brother and father, respectively, of Jay Kister. The shares were issued without registration under the Securities Act of 1933 in reliance on an exemption from registration provided under Section 4(2) of the Securities Act, and from similar applicable state securities laws, rules and regulations exempting the offer and sale of these securities by available state exemptions. No general solicitation was made in connection with the offer or sale of these securities.

ITEM 5 EMPLOYMENT AGREEMENTS

Effective May 1, 2003, the Board of Directors entered into employment agreements with Clifford Strand, William Biddle and Gernot Trolf. Following is a brief description of the terms and conditions of each employment agreement.

The Employment Agreement of Clifford Strand, President and Chairman of the Board of directors of the Company provides: (a) an employment term of three years; (b) an average annual salary of \$346,667, to be paid as

follows: (i) \$180,000 the first year; (ii) \$360,000 the second year; (iii), and \$500,000 the third year; (c) 500,000 shares of restricted stock; (d) 100,000 shares of restricted common stock for each year the Company increases net assets by 20%; (e) stock options to purchase 1,000,000 shares of common stock at a price of \$0.15 per share; and (f) benefits including vacation pay, health insurance, and expense reimbursement. In light of the Company's financial condition, the executive has agreed to accept half of the first year's salary and the balance is being accrued.

The Employment Agreement of William Biddle, Vice President and Director provides: (a) an employment term of three years; (b) an average annual salary of \$240,000 to be paid as follows: (i) \$120,000 the first year, (ii) \$240,000 the second year; and (iii) \$360,000 the third year; (c) 250,000 shares of restricted stock; (d) 50,000 shares of restricted common stock for each year the Company increases net assets by 20%; (e) stock options to purchase 500,000 shares of common stock at a price of \$0.15 per share; and (f) benefits including vacation pay, health insurance, and expense reimbursement. In light of the Company's financial condition, the executive has agreed to accept half of the first year's salary and the balance is being accrued.

The Employment Agreement for Gernot Trolf, Vice President and Chief Operating Officer provides: (a) an employment term of three years; (b) an average annual salary of \$120,000 to be paid as follows: (i) \$60,000 the first year; (ii) \$120,000 the second year, and (iii) \$180,000 the third year; (c) 250,000 shares of restricted stock; (d) 50,000 shares of restricted common stock for each year the Company increases net assets by 20%; (e) stock options to purchase 500,000 shares of common stock at a price of \$0.15 per share; and (f) benefits including vacation pay, health insurance, and expense reimbursement. In light of the Company's financial condition, the executive has agreed to accept 70% of the first year's salary and the balance is being accrued.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

- Exhibit 10.1 Employment Agreement of Clifford L. Strand
- Exhibit 10.2 Employment Agreement of William Biddle
- Exhibit 10.3 Employment Agreement of Gernot Trolf
- Exhibit 31.1 Certification of Principal Executive Officer
- Exhibit 31.2 Certification of Principal Financial Officer
- Exhibit 32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K on May 14, 2003 disclosing that the Company had changed independent auditors. That Report is incorporated herein by this reference. The Company disclosed that it had dismissed Bierwolf, Nilson & Associates and retained the services of Cacciamatta Accountancy Corp. The Current Report further disclosed that Bierwolf, Nilson & Associates' report on the Company's financial statements for fiscal years ending October 31, 2001 and 2002 and for the transition period ended December 31, 2002 did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. The decision to change accountants was recommended and approved by the registrant's audit committee.

SIGNATURES

In accordance with the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf, thereunto duly authorized.

Date: September 8, 2003

By: /S/ Clifford L. Strand

Clifford L. Strand,
Principal Executive Officer

Date: September 8, 2003

By: /S/ Munjit Johal

Munjit Johal,
Principal Financial Officer

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement"), dated as of May 1, 2003 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 5030 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and William S. Biddle, whose address is 37344 Mojave Sage St., Palm Desert, CA 92211, hereinafter referred to as "Executive", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Executive, and Executive wishes to render services to the Company, as its Senior Vice President;

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

WHEREAS, the Company and Executive intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Executive, 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 Executive (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 Executive pursuant to the terms of this Agreement and Executive hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on May 1, 2003 and ending on May 1, 2006 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will automatically be renewed for successive periods of one year after May 1, 2006, 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. In the event that any party notifies the other party in writing of its desire to renegotiate this Agreement, then the terms and conditions of this Agreement shall for an additional 60 days after expiration of the Term or until a mutual agreement is reached, whichever is shorter. If a mutually acceptable renegotiated agreement is not reduced to writing and executed by the parties within sixty (60) days after the end of the Term, then this Agreement shall continue on a month to month basis until terminated by written notice given by either party at least thirty (30) days prior to the end of any monthly period.

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2. GENERAL DUTIES.

Executive shall report to the Company's President and Board of Directors. Executive shall devote his entire productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as Senior Vice President, Executive shall be primarily responsible for the real estate acquisitions of the Company or such other tasks as may be delegated by the President or Board of Directors. Executive 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 or Board of Directors. Furthermore, Executive 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 Executive an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

- i. One Hundred Twenty Thousand (\$120,000.00) during the first year of employment;
- ii. Two Hundred Forty Thousand (\$240,000.00) during the second year of employment; and
- iii. Three Hundred Sixty Thousand (\$360,000.00) during the third year of employment.

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."

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

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Executive 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 Executive 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.

Executive may also elect for salary to be deferred until such time the Company has sufficient earnings or surplus capital to pay the deferred Annual Salary. If Executive elects to defer any portion of the Annual Salary, then the Company shall pay interest on the unpaid balance equal to the minimum Applicable Federal Rate.

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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, which may be implemented and paid to Executive in place of the Annual Bonus described herein. The Annual Bonus shall be subject to any applicable tax withholdings and/or employee deductions.

c. Cost of Living Adjustment.

If this Agreement is extended beyond the Term, then commencing as of January 1, 2006, and on each January 1st thereafter, then effective Annual Salary shall be increased (but not decreased) by an amount: (i)

which shall reflect the increase, if any, in the cost of living during the previous 12 months by adding to the Annual Salary an amount computed by multiplying the Annual Salary by the percentage by which the level of the Consumer Price Index for the Long Beach, California Metropolitan Area as reported on January 1st of the new year by the Bureau of Labor Statistics of the United States Department of Labor has increased over its level as of January 1st of the Prior year, and (ii) which will maintain Executive's compensation at a level consistent with the compensation paid to executive officers holding similar positions in the Real Estate Industry. Additionally, the Board of Directors shall periodically review Executive's Salary to determine whether to otherwise increase Executive's Compensation, without any obligation by the Board to authorize such an increase.

d. Participation In Employee Benefit Plans.

Executive shall have the same rights, privileges, benefits and opportunities to participate in any 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.

e. 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.

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f. Stock Issuance.

As an incentive and inducement for employment, the Company will issue a one-time lump sum of Two Hundred Fifty Thousand (250,000) shares of restricted stock immediately upon execution of this Agreement. For each fiscal year in which the Company increases its net assets by at least twenty percent (20%) over the net assets at the end of the previous fiscal year, the Company will issue to Executive an additional Fifty Thousand (50,000) shares of its common stock. All such shares shall be registered on a registration statement on Form S-8, and shall include a resale prospectus on Form S-1.

g. Options to Purchase Stock.

Subject to the vesting conditions set forth below and the terms of the Plan, Executive shall be granted options to purchase Five Hundred Thousand (500,000) shares of the Company common stock. The exercise price for each share of common stock covered by the option shall be fifteen cents (\$0.15), which is equal to or greater than the fair market value of the common stock on the Effective Date. The right to exercise the option shall vest as follows: options to purchase One Hundred Twenty-Five Thousand (125,000) shares shall vest and become immediately upon execution of this Agreement and the delivery of a stock option agreement under the Plan. The remaining options shall vest and become exercisable in equal three annual installments of One Hundred Twenty-Five Thousand (125,000) shares on the anniversary dates of the Effective Date, so long as Executive remains an employee on such vesting date. The options shall expire and become null and void if not exercised at the earlier of ten (10) years from the Effective Date or the earlier expiration dates provided below. If the Executive is terminated pursuant Section 8 of this Agreement, the Executive will have ninety (90) days to exercise the stock options that are vested unless otherwise agreed to by the Board of Directors. If the Executive is terminated pursuant Sections 9 or 10 of this Agreement, the Executive shall have five years from date of termination to exercise stock options that are vested.

Unvested options shall immediately terminate and become null and

void upon any termination of Executive's employment, except as provided below in Section 12.

h. 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 Executive for all reasonable business expenses incurred by Executive in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Executive 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.

Executive shall be entitled to four (4) weeks vacation time each year without loss of compensation.

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6. INDEMNIFICATION OF LOSSES.

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.

7. PERSONAL CONDUCT.

Executive 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.

8. TERMINATION BY THE COMPANY FOR CAUSE.

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

- a. Executive willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or
- b. Executive 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. Executive violates any law, rule or regulation applicable to the Company or Executive 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 Executive; provided, however, if the Company terminates this Agreement due to Executive's willful breach or habitual neglect of the duties he is required to perform, then Executive 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 Executive 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 Executive's employment is terminated pursuant to this Section 8, the Company shall pay to Executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive 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.

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9. TERMINATION BY THE COMPANY WITHOUT CAUSE.

- a. Death. Executive's employment shall terminate upon the death of Executive. Upon such termination, the obligations of Executive and the Company under this Agreement shall immediately cease. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.
- b. Disability. The Company reserves the right to terminate Executive's employment upon ten (10) days written notice if, for a period of ninety (90) days, Executive is prevented from discharging his duties under this Agreement due to any physical or mental disability. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.
- c. Election By the Company. The Company may terminate Executive's employment upon not less than ninety (90) days written notice by the Company to Executive. With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

10. TERMINATION BY EXECUTIVE.

- a. Election By Executive. Executive's employment may be terminated at any time by Executive upon not less than ninety (90) days written notice by Executive to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive 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 Executive For Good Reason. Executive 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 Executive, without cure, if any, as provided in such agreement;

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- (ii) Without the consent of Executive, the Company: (A)

substantially alters or materially diminishes the position, nature, status, prestige or responsibilities of Executive from those in effect by mutual agreement of the parties from time to time; (B) assigns additional duties or responsibilities to Executive which are wholly and clearly inconsistent with the position, nature, status, prestige or responsibilities of Executive then in effect; or (C) removes or fails to reappoint or re-elect Executive to Executive's offices under this Agreement (as they may be changed or augmented from time to time with the consent of Executive), unless Executive is deceased or disabled, or such removal or failure is attributable to an event which would constitute termination for cause;

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

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

With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

11. EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.

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

- a. The Company shall pay Executive's accrued but unpaid Annual Salary and vacation time through the effective date of the termination, provided, however, that the Company shall also pay to Executive or Executive's estate twice the amount of executive's then effective Annual Salary as set forth in Section 3(a);
- b. The Company shall pay to the Executive an Annual Bonus which shall be computed as the greater of the accrued but unpaid Annual Bonus, if any, or an amount which equals the average of Executive's Annual Bonus during the two (2) fiscal years prior to the termination date;
- c. The Company shall reimburse Executive for any business expenses incurred prior to the effective date of the termination;
- d. Executive (including Executive's heirs) shall 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.

12. EFFECT OF TERMINATION ATTRIBUTABLE TO A CHANGE IN CONTROL, A TERMINATION BY EXECUTIVE FOR GOOD REASON OR A TERMINATION BY THE COMPANY WITHOUT CAUSE.

If Executive's employment is terminated before the expiration of the term, and such termination is attributable to (i) a Change in Control; (ii) a termination by Executive for good reason; or (iii) the Company's election to terminate, then:

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- a. The Company shall pay to Executive, in a lump sum and without discount to present value, an amount equal to the Annual Salary, as set forth in Section 3 (a), due to Executive for the balance of the term, but in no event shall such payment total less than One Hundred Twenty Thousand (\$240,000.00);
- b. The Company shall pay to Executive, in a lump sum and without discount to present value, Executive's declared but unpaid Annual Bonus, if such Annual Bonus has been declared, but if not declared then the Company shall pay to Executive an amount which equals the average of Executive's Annual Bonus earned for the two

(2) fiscal years prior to the termination date;

- c. At the election of Executive, the Company shall (i) provide to Executive and his spouse and dependents (if any), for a period of twelve (12) months, medical benefits which shall be comparable to the benefits received by Executive at the time of termination of his employment; or (ii) provide to Executive additional compensation, payable on a monthly basis, which would approximate the cost to Executive to obtain such comparable benefits;
- d. The Company shall reimburse Executive for Executive's business expenses incurred through the effective date of the termination;

Pursuant to Section 3(e), the Company shall transfer to Executive any stock earned but unissued pursuant to Section 3 (e); and

Irrespective of anything included in the agreements memorializing them, the vesting conditions imposed on any stock options, warrants or other rights subject to vesting shall be accelerated and shall vest on the date of Executive's termination and Executive shall have a period of twelve (12) months to exercise such stock options, warrants or other rights.

Executive shall not be required to mitigate the amount of any payment made pursuant to this Section 12 by seeking other employment or otherwise, and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment. The provisions of this Section 12 shall be in lieu of any remedy or damages to which Executive may be entitled by reason of a breach of this Agreement by the Company, whether such remedy may be recovered at law or in equity.

For purposes of this Agreement, "Change of Control" shall be defined as any of the following transaction; (i) the sale or disposition by the Company of substantially all of its business or assets, or (ii) the acquisition of the Company's capital stock by a third party in connection with the transfer of a controlling interest of the Company's capital stock to such party, or (iii) the merger or consolidation of the Company with another corporation as part of a transfer of a controlling interest of the Company's capital stock to a third party. A "controlling interest of the Company's capital stock" shall be defined as a transfer or acquisition by a third party of at least fifty percent (50%) of the Company's capital stock in one or a series of transactions. A "third party" shall not include any employee benefit plan maintained by the Company or any corporation or entity in which the Company holds fifty percent (50%) or more of the voting securities.

13. 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.

i. Interpretation.

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.

ii. 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.

iii. 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.

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iv. 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.

v. 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.

vi. 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.

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iii. No Assignment of Rights or Delegation of Duties by Executive.

Executive'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) Executive may not delegate his duties or obligations hereunder.

iv. 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.

v. 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.

vi. 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.

11

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

SECURED DIVERSIFIED INVESTMENT, LTD.

EXECUTIVE

By:

Clifford L. Strand

William S. Biddle
Title: President

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EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement"), dated as of May 1, 2003 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 5030 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and Clifford L. Strand, whose address is 24952 Hon, Laguna Hills, California 92653, hereinafter referred to as "Executive", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Executive, and Executive wishes to render services to the Company, as its President;

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

WHEREAS, the Company and Executive intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Executive, 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 Executive (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 Executive pursuant to the terms of this Agreement and Executive hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on May 1, 2003 and ending on May 1, 2006 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will automatically be renewed for successive periods of one year after May 1, 2006, 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. In the event that any party notifies the other party in writing of its desire to renegotiate this Agreement, then the terms and conditions of this Agreement shall for an additional 60 days after expiration of the Term or until a mutual agreement is reached, whichever is shorter. If a mutually acceptable renegotiated agreement is not reduced to writing and executed by the parties within sixty (60) days after the end of the Term, then this Agreement shall continue on a month to month basis until terminated by written notice given by either party at least thirty (30) days prior to the end of any monthly period.

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2. GENERAL DUTIES.

Executive shall report to the Company's Board of Directors. Executive shall devote his entire productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as President, Executive shall be primarily responsible for the day to day supervision and control of the business of the Company. Executive 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 Board of Directors. Furthermore, Executive 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 Executive an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

- i One Hundred Eighty Five Thousand (\$185,000.00) during the first year of employment;
- ii Three Hundred Sixty Thousand (\$360,000.00) during the second year of employment; and
- iii Five Hundred Ten Thousand (\$510,000.00) during the third year of employment.

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."

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

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Executive 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 Executive 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.

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Executive may also elect for salary to be deferred until such time the Company has sufficient earnings or surplus capital to pay the deferred Annual Salary. If Executive elects to defer any portion of the Annual Salary, then the Company shall pay interest on the unpaid balance equal to the minimum Applicable Federal Rate.

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, which may be implemented and paid to Executive in place of the Annual Bonus described herein. The Annual Bonus shall be subject to any applicable tax withholdings and/or employee deductions.

c. Cost of Living Adjustment.

If this Agreement is extended beyond the Term, then commencing as of January 1, 2006, and on each January 1st thereafter, then effective Annual Salary shall be increased (but not decreased) by an amount: (i) which shall reflect the increase, if any, in the cost of living during the previous 12 months by adding to the Annual Salary an amount computed by multiplying the Annual Salary by the percentage by which the level of the Consumer Price Index for the Long Beach, California Metropolitan Area as reported on January 1st of the new year by the Bureau of Labor Statistics of the United States Department of Labor has increased over its level as of January 1st of the Prior year, and (ii) which will maintain Executive's compensation at a level consistent with the compensation paid to executive officers holding similar positions in the Real Estate Industry. Additionally, the Board of Directors shall periodically review Executive's Salary to determine whether to otherwise increase Executive's Compensation, without any obligation by the Board to authorize such an increase.

d. Participation In Employee Benefit Plans.

Executive shall have the same rights, privileges, benefits and opportunities to participate in any 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.

e. 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.

f. Stock Issuance.

As an incentive and inducement for employment, the Company will issue a one-time lump sum of Five Hundred Thousand (500,000) shares of restricted stock immediately upon execution of this Agreement. For each fiscal year in which the Company increases its net assets by at least twenty percent (20%) over the net assets at the end of the previous fiscal year, the Company will issue to Executive an additional One Hundred Thousand (100,000) shares of its common stock. All such shares shall be registered on a registration statement on Form S-8, and shall include a resale prospectus on Form S-1.

g. Options to Purchase Stock.

Subject to the vesting conditions set forth below and the terms of the Plan, Executive shall be granted options to purchase One Million (1,000,000) shares of the Company common stock. The exercise price for each share of common stock covered by the option shall be fifteen cents (\$0.15), which is equal to or greater than the fair market value of the common stock on the Effective Date. The right to exercise the option shall vest as follows: options to purchase Two Hundred Fifty Thousand (250,000) shares shall vest and become immediately upon execution of this Agreement and the delivery of a stock option agreement under the Plan. The remaining options shall vest and become exercisable in equal three annual installments of Two Hundred Fifty Thousand (250,000) shares on the anniversary dates of the Effective Date, so long as Executive remains an employee on such vesting date. The options shall expire and become null and void if not exercised at the earlier of ten (10) years from the Effective Date or the earlier expiration dates provided below. If the Executive is terminated pursuant Section 8 of this Agreement, the Executive will have ninety (90) days to exercise the stock options that are vested unless otherwise agreed to by the Board of Directors. If the

Executive is terminated pursuant Sections 9 or 10 of this Agreement, the Executive shall have five years from date of termination to exercise stock options that are vested.

Unvested options shall immediately terminate and become null and void upon any termination of Executive's employment, except as provided below in Section 12.

h. 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 Executive for all reasonable business expenses incurred by Executive in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Executive 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.

Executive shall be entitled to four (4) weeks vacation time each year without loss of compensation.

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6. INDEMNIFICATION OF LOSSES.

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.

7. PERSONAL CONDUCT.

Executive 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.

8. TERMINATION BY THE COMPANY FOR CAUSE.

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

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

b. Executive 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. Executive violates any law, rule or regulation applicable to the Company or Executive 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 Executive; provided, however, if the Company terminates this Agreement due to Executive's willful breach or habitual neglect of the duties he is required to perform, then Executive 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 Executive 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 Executive's employment is terminated pursuant to this Section 8, the Company shall pay to Executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive 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.

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9. TERMINATION BY THE COMPANY WITHOUT CAUSE.

a. Death.

Executive's employment shall terminate upon the death of Executive. Upon such termination, the obligations of Executive and the Company under this Agreement shall immediately cease. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

b. Disability.

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

c. Election By the Company.

The Company may terminate Executive's employment upon not less than ninety (90) days written notice by the Company to Executive. With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

10. TERMINATION BY EXECUTIVE.

a. Election By Executive.

Executive's employment may be terminated at any time by Executive upon not less than ninety (90) days written notice by Executive to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive 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 Executive For Good Reason.

Executive 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 Executive, without cure, if any, as provided in such agreement;

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- ii. Without the consent of Executive, the Company: (A) substantially alters or materially diminishes the position, nature, status, prestige or responsibilities of Executive from those in effect by mutual agreement of the parties from time to time; (B) assigns additional duties or responsibilities to Executive which are wholly and clearly inconsistent with the position, nature, status, prestige or responsibilities of Executive then in effect; or (C) removes or fails to reappoint or re-elect Executive to Executive's offices under this Agreement (as they may be changed or augmented from time to time with the consent of Executive), unless Executive is deceased or disabled, or such removal or failure is attributable to an event which would constitute termination for cause;
- iii. the Company intentionally requires Executive to commit or participate in any felony or other serious crime; and/or
- iv. the Company engages in other conduct constituting legal cause for termination.

With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

11. EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.

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

- a. The Company shall pay Executive's accrued but unpaid Annual Salary and vacation time through the effective date of the termination, provided, however, that the Company shall also pay to Executive or Executive's estate twice the amount of executive's then effective Annual Salary as set forth in Section 3(a);
- b. The Company shall pay to the Executive an Annual Bonus which shall be computed as the greater of the accrued but unpaid Annual Bonus, if any, or an amount which equals the average of Executive's Annual Bonus during the two (2) fiscal years prior to the termination date;
- c. The Company shall reimburse Executive for any business expenses incurred prior to the effective date of the termination;
- d. Executive (including Executive's heirs) shall 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.

12. EFFECT OF TERMINATION ATTRIBUTABLE TO A CHANGE IN CONTROL, A TERMINATION BY EXECUTIVE FOR GOOD REASON OR A TERMINATION BY THE COMPANY WITHOUT CAUSE.

If Executive's employment is terminated before the expiration of the term, and such termination is attributable to (i) a Change in Control; (ii) a termination by Executive for good reason; or (iii) the Company's election to terminate, then:

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- a. The Company shall pay to Executive, in a lump sum and without

discount to present value, an amount equal to the Annual Salary, as set forth in Section 3 (a), due to Executive for the balance of the term, but in no event shall such payment total less than One Hundred Twenty Thousand (\$350,000.00);

- b. The Company shall pay to Executive, in a lump sum and without discount to present value, Executive's declared but unpaid Annual Bonus, if such Annual Bonus has been declared, but if not declared then the Company shall pay to Executive an amount which equals the average of Executive's Annual Bonus earned for the two (2) fiscal years prior to the termination date;
- c. At the election of Executive, the Company shall (i) provide to Executive and his spouse and dependents (if any), for a period of twelve (12) months, medical benefits which shall be comparable to the benefits received by Executive at the time of termination of his employment; or (ii) provide to Executive additional compensation, payable on a monthly basis, which would approximate the cost to Executive to obtain such comparable benefits;
- d. The Company shall reimburse Executive for Executive's business expenses incurred through the effective date of the termination;
- e. Pursuant to Section 3(e), the Company shall transfer to Executive any stock earned but unissued pursuant to Section 3 (e); and
- f. Irrespective of anything included in the agreements memorializing them, the vesting conditions imposed on any stock options, warrants or other rights subject to vesting shall be accelerated and shall vest on the date of Executive's termination and Executive shall have a period of twelve (12) months to exercise such stock options, warrants or other rights.

Executive shall not be required to mitigate the amount of any payment made pursuant to this Section 12 by seeking other employment or otherwise, and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment. The provisions of this Section 12 shall be in lieu of any remedy or damages to which Executive may be entitled by reason of a breach of this Agreement by the Company, whether such remedy may be recovered at law or in equity.

For purposes of this Agreement, "Change of Control" shall be defined as any of the following transaction; (i) the sale or disposition by the Company of substantially all of its business or assets, or (ii) the acquisition of the Company's capital stock by a third party in connection with the transfer of a controlling interest of the Company's capital stock to such party, or (iii) the merger or consolidation of the Company with another corporation as part of a transfer of a controlling interest of the Company's capital stock to a third party. A "controlling interest of the Company's capital stock" shall be defined as a transfer or acquisition by a third party of at least fifty percent (50%) of the Company's capital stock in one or a series of transactions. A "third party" shall not include any employee benefit plan maintained by the Company or any corporation or entity in which the Company holds fifty percent (50%) or more of the voting securities.

13. 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.

ii 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.

iii 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.

9

iv 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.

v. 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.

i. 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.

10

e. No Assignment of Rights or Delegation of Duties by Executive.

Executive'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) Executive 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.

EXECUTIVE

By:

Gernot Trolf
Title: Vice President/ Chief Operating Officer

Clifford L. Strand

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement"), dated as of May 1, 2003 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 5030 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and Gernot Trolf, whose address is 809 El Carmel Place, San Diego, California 92109, hereinafter referred to as "Executive", based upon the following:

RECITALS

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

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

WHEREAS, the Company and Executive intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Executive, 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 Executive (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 Executive pursuant to the terms of this Agreement and Executive hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on May 1, 2003 and ending on May 1, 2006 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will automatically be renewed for successive periods of one year after May 1, 2006, 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. In the event that any party notifies the other party in writing of its desire to renegotiate this Agreement, then the terms and conditions of this Agreement shall for an additional 60 days after expiration of the Term or until a mutual agreement is reached, whichever is shorter. If a mutually acceptable renegotiated agreement is not reduced to writing and executed by the parties within sixty (60) days after the end of the Term, then this Agreement shall continue on a month to month basis until terminated by written notice given by either party at least thirty (30) days prior to the end of any monthly period.

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2. GENERAL DUTIES.

Executive shall report to the Company's Board of Directors. Executive shall devote his entire productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as Chief Operating Officer, Executive shall be primarily responsible for the day to day operations and administration of the business of the Company as directed by the President. Executive 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, Executive 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 Executive an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

- i. One Hundred Thousand (\$100,000.00) during the first year of employment;
- ii. One Hundred Twenty Thousand (\$120,000.00) during the second year of employment; and
- iii. One Hundred Forty Thousand (\$140,000.00) during the third year of employment.

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."

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

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Executive 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 Executive 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.

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Executive may also elect for salary to be deferred until such time the Company has sufficient earnings or surplus capital to pay the deferred Annual Salary. If Executive elects to defer any portion of the Annual Salary, then the Company shall pay interest on the unpaid balance equal to the minimum Applicable Federal Rate.

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, which may be implemented and paid to Executive in place of the Annual Bonus described herein. The Annual Bonus shall be subject to any applicable tax withholdings and/or employee deductions.

c. Cost of Living Adjustment.

If this Agreement is extended beyond the Term, then commencing as of January 1, 2006, and on each January 1st thereafter, then effective Annual Salary shall be increased (but not decreased) by an amount: (i) which shall reflect the increase, if any, in the cost of living during the previous 12 months by adding to the Annual Salary an amount computed by multiplying the Annual Salary by the percentage by which the level of the Consumer Price Index for the Long Beach, California Metropolitan Area as reported on January 1st of the new year by the Bureau of Labor Statistics of the United States Department of Labor has increased over its level as of January 1st of the Prior year, and (ii) which will maintain Executive's compensation at a level consistent with the compensation paid to executive officers holding similar positions in the Real Estate Industry. Additionally, the Board of Directors shall periodically review Executive's Salary to determine whether to otherwise increase Executive's Compensation, without any obligation by the Board to authorize such an increase.

d. Participation In Employee Benefit Plans.

Executive shall have the same rights, privileges, benefits and opportunities to participate in any 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.

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e. 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.

f. Stock Issuance.

As an incentive and inducement for employment, the Company will issue a one-time lump sum of One Hundred Thousand (100,000) shares of restricted stock immediately upon execution of this Agreement. For each fiscal year in which the Company increases its net assets by at least twenty percent (20%) over the net assets at the end of the previous fiscal year, the Company will issue to Executive an additional Twenty-Five Thousand (25,000) shares of its common stock. All such shares shall be registered on a registration statement on Form S-8, and shall include a resale prospectus on Form S-1.

g. Options to Purchase Stock.

Subject to the vesting conditions set forth below and the terms of the Plan, Executive shall be granted options to purchase Five Hundred Thousand (500,000) shares of the Company common stock. The exercise price for each share of common stock covered by the option shall be fifteen cents (\$0.15), which is equal to or greater than the fair market value of the common stock on the Effective Date. The right to exercise the option shall vest as follows: options to purchase One Hundred Twenty-Five Thousand (125,000) shares shall vest and become immediately upon execution of this Agreement and the delivery of a stock option agreement under the Plan. The remaining options shall vest and become exercisable in equal three annual installments of One Hundred Twenty-Five Thousand (125,000) shares on the anniversary dates of the Effective Date, so long as Executive remains an employee on such vesting date. The options shall expire and become null and void if not exercised at the earlier of ten (10) years from the Effective Date or the earlier expiration dates provided below. If the Executive is terminated pursuant Section 8 of this Agreement, the Executive will have ninety (90) days to exercise the stock options that are vested unless otherwise agreed to by the Board of Directors. If the Executive is terminated pursuant Sections 9 or

10 of this Agreement, the Executive shall have five years from date of termination to exercise stock options that are vested.

Unvested options shall immediately terminate and become null and void upon any termination of Executive's employment, except as provided below in Section 12.

h. 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.

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4. REIMBURSEMENT OF BUSINESS EXPENSES.

The Company shall promptly reimburse Executive for all reasonable business expenses incurred by Executive in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Executive 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.

Executive shall be entitled to four (4) weeks vacation time each year without loss of compensation.

6. INDEMNIFICATION OF LOSSES.

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.

7. PERSONAL CONDUCT.

Executive 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.

8. TERMINATION BY THE COMPANY FOR CAUSE.

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

- a. Executive willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or
- b. Executive 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. Executive violates any law, rule or regulation applicable to the Company or Executive 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).

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The Company may terminate this Agreement for Cause immediately upon written notice of termination to Executive; provided, however, if the

Company terminates this Agreement due to Executive's willful breach or habitual neglect of the duties he is required to perform, then Executive 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 Executive 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 Executive's employment is terminated pursuant to this Section 8, the Company shall pay to Executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive 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.

9. TERMINATION BY THE COMPANY WITHOUT CAUSE.

a. Death.

Executive's employment shall terminate upon the death of Executive. Upon such termination, the obligations of Executive and the Company under this Agreement shall immediately cease. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

b. Disability.

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

c. Election By the Company.

The Company may terminate Executive's employment upon not less than ninety (90) days written notice by the Company to Executive. With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

10. TERMINATION BY EXECUTIVE.

a. Election By Executive.

Executive's employment may be terminated at any time by Executive upon not less than ninety (90) days written notice by Executive to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive 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 Executive For Good Reason.

Executive 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 Executive, without cure, if any, as provided in such agreement;
- ii. Without the consent of Executive, the Company: (A) substantially alters or materially diminishes the position, nature, status, prestige or responsibilities of Executive from those in effect by mutual agreement of the parties from time to time; (B) assigns additional duties or responsibilities to Executive which are wholly and clearly inconsistent with the position, nature, status, prestige or responsibilities of Executive then in effect; or (C) removes or fails to reappoint or re-elect Executive to Executive's offices under this Agreement (as they may be changed or augmented from time to time with the consent of Executive), unless Executive is deceased or disabled, or such removal or failure is attributable to an event which would constitute termination for cause;
- iii. the Company intentionally requires Executive to commit or participate in any felony or other serious crime; and/or
- iv. the Company engages in other conduct constituting legal cause for termination.

With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

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11. EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.

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

- a. The Company shall pay Executive's accrued but unpaid Annual Salary and vacation time through the effective date of the termination, provided, however, that the Company shall also pay to Executive or Executive's estate twice the amount of executive's then effective Annual Salary as set forth in Section 3(a);
- b. The Company shall pay to the Executive an Annual Bonus which shall be computed as the greater of the accrued but unpaid Annual Bonus, if any, or an amount which equals the average of Executive's Annual Bonus during the two (2) fiscal years prior to the termination date;
- c. The Company shall reimburse Executive for any business expenses incurred prior to the effective date of the termination;
- d. Executive (including Executive's heirs) shall 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.

12. EFFECT OF TERMINATION ATTRIBUTABLE TO A CHANGE IN CONTROL, A TERMINATION BY EXECUTIVE FOR GOOD REASON OR A TERMINATION BY THE COMPANY WITHOUT CAUSE.

If Executive's employment is terminated before the expiration of the term, and such termination is attributable to (i) a Change in Control; (ii)

a termination by Executive for good reason; or (iii) the Company's election to terminate, then:

a. The Company shall pay to Executive, in a lump sum and without discount to present value, an amount equal to the Annual Salary, as set forth in Section 3 (a), due to Executive for the balance of the term, but in no event shall such payment total less than One Hundred Twenty Thousand (\$120,000.00);

b. The Company shall pay to Executive, in a lump sum and without discount to present value, Executive's declared but unpaid Annual Bonus, if such Annual Bonus has been declared, but if not declared then the Company shall pay to Executive an amount which equals the average of Executive's Annual Bonus earned for the two (2) fiscal years prior to the termination date;

c. At the election of Executive, the Company shall (i) provide to Executive and his spouse and dependents (if any), for a period of twelve (12) months, medical benefits which shall be comparable to the benefits received by Executive at the time of termination of his employment; or (ii) provide to Executive additional compensation, payable on a monthly basis, which would approximate the cost to Executive to obtain such comparable benefits;

d. The Company shall reimburse Executive for Executive's business expenses incurred through the effective date of the termination;

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e. Pursuant to Section 3(e), the Company shall transfer to Executive any stock earned but unissued pursuant to Section 3 (e); and

f. Irrespective of anything included in the agreements memorializing them, the vesting conditions imposed on any stock options, warrants or other rights subject to vesting shall be accelerated and shall vest on the date of Executive's termination and Executive shall have a period of twelve (12) months to exercise such stock options, warrants or other rights.

Executive shall not be required to mitigate the amount of any payment made pursuant to this Section 12 by seeking other employment or otherwise, and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment. The provisions of this Section 12 shall be in lieu of any remedy or damages to which Executive may be entitled by reason of a breach of this Agreement by the Company, whether such remedy may be recovered at law or in equity.

For purposes of this Agreement, "Change of Control" shall be defined as any of the following transaction; (i) the sale or disposition by the Company of substantially all of its business or assets, or (ii) the acquisition of the Company's capital stock by a third party in connection with the transfer of a controlling interest of the Company's capital stock to such party, or (iii) the merger or consolidation of the Company with another corporation as part of a transfer of a controlling interest of the Company's capital stock to a third party. A "controlling interest of the Company's capital stock" shall be defined as a transfer or acquisition by a third party of at least fifty percent (50%) of the Company's capital stock in one or a series of transactions. A "third party" shall not include any employee benefit plan maintained by the Company or any corporation or entity in which the Company holds fifty percent (50%) or more of the voting securities.

13 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.

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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.

ii 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.

iii. 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.

iv. 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.

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v. 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.

vi. 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 Executive.

Executive'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) Executive may not delegate his duties or obligations hereunder.

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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.

f. 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.

g. 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.

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

SECURED DIVERSIFIED INVESTMENT, LTD.

EXECUTIVE

By:

Clifford L. Strand

Gernot Trolf

Title: President

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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Clifford L. Strand, certify that:

(1) I have reviewed this quarterly report on Form 10-QSB of Secured Diversified Investment, Ltd., (the "Company");

(2) Based on my knowledge, this quarterly 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 quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

(4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (or persons fulfilling the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: September 8, 2003

By: /s/ Clifford L. Strand

Clifford L. Strand,
Principal Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Munjit Johal, certify that:

(1) I have reviewed this quarterly report on Form 10-QSB of Secured Diversified Investments, Ltd., (the "Company");

(2) Based on my knowledge, this quarterly 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 quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

(4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

- (a) designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- (b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (or persons fulfilling the equivalent function):

- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: September 8, 2003

By: /S/ Munjit Johal

Munjit Johal, Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Secured Diversified Investment, Ltd., on Form 10-QSB for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Clifford L. Strand, Chief Executive Officer and Munjit Johal, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report 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 Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: September 8, 2003 /S/ Clifford L. Strand

Clifford L. Strand, Chief Executive Officer

Date: September 8, 2003 /S/ Munjit Johal

Munjit Johal, Chief Financial Officer