UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

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

For the quarterly period ended June 30, 2006

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

For the transition period _____ to _____

Commission File Number: 00030653

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

Nevada	80-0068489
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

5205 East Lincoln Drive Paradise Valley, Arizona 85253
(Address of principal executive offices)

(949) 851-1069
(Issuer's telephone number)

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [ ] Yes [X] No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 30,334,611 common shares as of June 30, 2006

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

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited financial statements included in this Form 10-QSB are as follows:

These unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-QSB. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended June 30, 2006 are not necessarily indicative of the results that can be expected for the full year.

SECURED DIVERSIFIED INVESTMENT, LTD.
Consolidated Balance Sheet
(Unaudited)
June 30, 2006

ASSETS

Properties, net of accumulated depreciation $144,719	$ 1,839,497
Equipment, net of accumulated depreciation $106	3,711
Cash and cash equivalents	390,098
Receivables	182,701
Prepaid Expenses	16,152
Restricted Cash	72,001
Other Assets	13,806
Total Assets	$ 2,517,966

LIABILITIES AND STOCKHOLDERS' EQUITY

Mortgages payable	$ 1,150,991
Mortgages payable, related parties	138,630
Note payable, related parties	58,275
Interest Payable	33,610
Accounts payable, accrued expenses and other liabilities	420,192
TOTAL LIABILITIES	1,801,699
COMMITMENTS AND CONTINGENCIES	-
Minority Interest	103,965
STOCKHOLDERS' EQUITY	
Series A Preferred Stock, 7,500,000 shares authorized, $0.01 par value, 7,234,600 issued & outstanding	72,347
Series B Preferred Stock, 20,000,000 shares authorized, $0.01 par value, 160,861 issued & outstanding	1,609
Common Stock, 100,000,000 shares authorized, $0.001 par value, 30,334,611 issued and outstanding	30,335
Paid In Capital	8,686,024
Accumulated Deficit	(8,178,013)
Total Equity	612,302
	$ 2,517,966

See accompanying notes.

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

	Three Month Periods Ended June 30		Six Month Periods ended June 30	
	2006	**2005**	**2006**	**2005**
REVENUES:				
Rental Income	$ 85,015	$ 136,180	$ 166,455	$ 283,650
Brokerage	-	15,821	-	108,409
Total Net Revenues	85,015	152,000	166,455	392,060
OPERATING EXPENSES:				
General and Administrative Expenses	313,338	681,962	566,080	1,500,078
Operating Loss	(228,323)	(529,962)	(399,625)	(1,108,018)
Other Income and (Losses)				
Gain on Equity Investment	-	20,415	-	36,204
Interest Expense	(42,208)	(55,662)	(79,577)	(107,424)
Interest Income	143	24,874	287	27,302
Minority Interest	5,822	13,369	11,158	22,882
Other	153,726	608,950	288,044	610,821
Total Other Income and Losses	117,484	611,946	219,912	589,786
Net Income (Loss) from continuing operations	(110,839)	81,984	(179,712)	(518,233)
Discontinued Operations:				
Net Income (Loss)	-	-	-	290,161
NET INCOME (LOSS)	$ (110,839)	$ 81,984	$ (179,712)	$ (228,072)
Net income (loss) per share, continuing operations	$ (0.00)	$ 0.01	$ (0.01)	$ (0.04)
Net income (loss) per share, discontinued operations	0.00	0.00	0.00	0.02
Basic and diluted loss per share	$ (0.00)	$ 0.01	$ (0.01)	$ (0.02)
Basic and diluted weight average shares	30,332,139	13,068,155	27,021,697	13,068,055

See accompanying notes.

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

	Six Month Periods ended June 30,	
	2006	**2005**
Cash flows from operating activities:		
Net Loss	$ (179,712)	$ (228,072)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and Amortization	21,612	23,943
Consulting prepaid expense	-	140,000
Minority Interest	(11,158)	(22,882)
Shares cancelled	(11,250)	-
(Gain) Loss on equity investment	-	(36,204)
(Gain) on disposal of subsidiary	-	(290,161)
Issuance of shares for consulting and real estate services	-	143,125
Issuance of shares	-	50,000
Gain on settlement of debt and litigation	(286,840)	-
(Increase) decrease in assets and liabilities:		
Receivables	3,470	43,064
Note Receivable	32,277	(870,500)
Prepaid expenses	(6,378)	(165,499)
Other receivables	3,155	-
Accrued interest	16,455	(7,098)
Payroll liabilities	(894)	615,102
Accounts payable, accrued expenses	(143,614)	7,424
Net cash used in operating activities	(562,878)	(597,759)
Cash flow to investing activities:		
Purchase of property & equipment	(42,440)	(14,963)
Investment in real estate	(200,000)	(50,000)
Proceeds from sale of subsidiary interest, net of investment	-	629,759
Net cash (used in) provided by investing activities	(242,440)	564,796
Cash flows from financing activities:		
Minority Interest	-	22,882
Proceeds on notes payable - related party	-	10,000
Payments on notes payable - related party	(25,000)	(19,258)
Proceeds from notes payable	-	62,500
Payments on notes payable	(9,989)	(66,572)
Net cash (used in) provided by financing activities	(34,989)	9,552
Net decrease in cash & cash equivalents	(840,307)	(23,411)
Cash and cash equivalents, beginning of period	1,230,404	35,433
Cash and cash equivalents, end of period	390,098	12,022
Supplemental disclosures:		
Cash paid for interest	$ 52,680	$ 93,628
Cash paid for income tax	$ -	$ 800.00
Non-cash investing and financing activities:	$ -	$ -
Conversion of note to stock	$ -	$ 10,976

See accompanying notes.

SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Unaudited Consolidated Financial Statements
June 30, 2006

NOTE 1 - Basis of presentation and Going Concern

Basis of presentation:

The unaudited consolidated financial statements have been prepared by the "Company," pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes for the year ended December 31, 2005. The results of the six months ended June 30, 2006 are not necessarily indicative of the results to be expected for the full year ending December 31, 2006.

Going concern:

The accompanying financial statements have been prepared in conformity with generally accepted accounting principle, which contemplate continuation of the Company as a going concern. However, the Company has accumulated deficit of $8,178,013 as of June 30, 2006. The Company reported net loss of $179,712 at June 30, 2006. The Company currently has positive liquidity, but has not established a stabilized source of revenues sufficient to cover operating costs over an extended period of time. Additionally, the Company is involved in litigation with several prior employees of the Company. The outcome of this litigation may adversely affect the liquidity of the Company.

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

Current management is restructuring the Company's operations by selling many of its poorly performing properties and reducing the associated high cost of debt. The Company has also significantly reduced overhead. The Company continues to search and evaluate different business opportunities in efforts to generate a stabilized cash flow and funds for future investments. Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operating expenses and acquisitions of properties or businesses before achieving operating profitability. The Company intends to position itself so that it may be able to raise additional funds through the capital markets which to date it has not been able to do so. There are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

NOTE 2 - Nature of Operations

The Company was incorporated under the laws of the state of Utah on November 22, 1978. On July 23, 2002, the shareholders approved a change in domicile from Utah to Nevada. In accordance with Nevada corporate law, a change of domicile is effected by merging the foreign corporation with and into a Nevada corporation. On August 9, 2002, a merger between the Company and Book Corporation of America was completed. Upon completion of the merger Book Corporation of America was dissolved.

SECURED DIVERSIFIED INVESTMENT, LTD.
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On September 18, 2002, the OTCBB symbol for the Company's common stock was changed from BCAM to SCDI. The shareholders also approved amendments to the Company's Articles of Incorporation to change the par value of the Company's Common Stock from $.005 to $.001 and to authorize 50,000,000 shares of Preferred Stock (Series A, B and C), par value $0.01. On November 15, 2002, the Company changed its fiscal year end from October 31 to December 31.

During 2002, the Company began pursuing the acquisition of ownership interests in real estate properties that are geographically and functionally diverse in order to be more stable and less susceptible to devaluation resulting from regional economic downturns and market shifts. The Company was not successful in implementing this strategy. Currently, the Company owns a shopping center in Orange, California; a single story office building in Newport Beach, California through its majority owned subsidiary Diversified Commercial Brokers, LLC; a 25 percent Tenant-in-Common interest in a commercial property located in Paradise Valley, Arizona; and a 33.3 percent interest in a property, consisting of a 2,180 square foot structure on approximately 38,587 square feet of land, located in Phoenix, Arizona.

NOTE 3 - Significant Accounting Policies

Consolidation. The accompanying consolidated financial statements include the accounts of the Company and its' majority owned subsidiary, Diversified Commercial Brokers, LLC (53.8%) and Secured Lending, LLC (100%). All material inter-company transactions and balances have been eliminated.

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

Credit and concentration risk. The Company maintains deposit accounts in numerous financial institutions. From time to time, cash deposits may exceed Federal Deposit Insurance Corporation limits. The Company maintains no certificates of deposit in excess of federal deposit insurance limits; however, the Company's general operating account exceeds federal deposit insurance limits.

Revenue recognition. The Company's revenues are derived from rental income. Rental revenues are recognized in the period services are provided.

As a lessor, the Company has retained substantially all of the risks and benefits of ownership of the Office Properties and account for our leases as operating leases. Income on leases, which includes scheduled increases in rental rates during the lease term and/or abated rent payments for various periods following the tenant's lease commencement date, is recognized on a straight-line basis. Property leases generally provide for the reimbursement of annual increases in operating expenses above base year operating expenses (excess operating expenses), payable to the Company in equal installments throughout the year based on estimated increases. Any differences between the estimated increase and actual amounts incurred are adjusted at year end.

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

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

Property and equipment. Property and equipment are depreciated over the estimated useful lives of the

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

Investments. The consolidated method of accounting is used for investments in associated companies in which the company's interest is 50% or more. Under the consolidated method, the Company recognizes its share in the net earnings or losses of these associated companies as they occur rather than as dividends are received. Dividends received are accounted for as a reduction of the investment rather than as dividend income.

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

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

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

Income (Loss) per share. Basic loss per share is based on the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. At June 30, 2006 and 2005, all potential common shares are excluded from the computation of diluted loss per share, as the effect of which was anti-dilutive.

Stock-based compensation.
The company adopted SFAS No. 123-R effective January 1, 2006 using the modified prospective method. Under this transition method, stock compensation expense includes compensation expense for all stock-based compensation awards granted on or after January 1,2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123-R.

Prior to January 1, 2006, the company measured stock compensation expense using the intrinsic value method of accounting in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees," and related interpretations (APB No. 25) and has opted for the disclosure provisions of SFAS No. 123. Thus, expense was generally not recognized for the company's employee stock option and purchase plans.

There were no unvested stock options as of December 31, 2005 and the Company has neither granted nor

SECURED DIVERSIFIED INVESTMENT, LTD.
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vested any stock options during the six month period ended June 30, 2006. The Company approved a stock option plan at its recently held shareholder meeting. The Company is obligated to grant 150,000 in options to Luis Leon, its former Chief Executive Officer, as part of its settlement. The Company has accrued expenses related to these options (See note 13).

Gain recognition on sale of real estate assets. In accordance with SFAS No. 66, Accounting for Sales of Real Estate, the Company performs evaluations of each real estate sale to determine if full gain recognition is appropriate and of each sale or contribution of a property to a joint venture to determine if partial gain recognition is appropriate. The application of SFAS No. 66 can be complex and requires the Company to make assumptions including an assessment of whether the risks and rewards of ownership have been transferred, the extent of the purchaser's investment in the property being sold, whether its receivables, if any, related to the sale are collectible and are subject to subordination, and the degree of its continuing involvement with the real estate asset after the sale. If full gain recognition is not appropriate, the Company accounts for the sale under an appropriate deferral method.

Income Taxes. Deferred income tax assets and liabilities are computed annually for differences between the consolidated financial statements and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income (loss). Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Advertising. The Company expenses advertising costs as incurred.

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

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

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

During 2005, the Company sold two improved real properties and our unimproved parcel of land located Dickinson, North Dakota and Las Vegas, Nevada. By the end of 2005, our remaining portfolio consisted of a 100% ownership interest in the Katella Business Center in Orange, California, and a 53.8% ownership interest in the Campus Drive Office Building in Newport Beach, California. During the first quarter of 2006, the Company acquired investment interest in two separate properties in Arizona.

On January 6, 2006, the Company acquired a 25 percent Tenant-in-Common interest in a commercial property located in Paradise Valley, Arizona for $300,000. The tenant-in common partners include a

SECURED DIVERSIFIED INVESTMENT, LTD.
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director of the Company, 25 percent, and an unrelated third party, 50 percent and SDI 25%. The unrelated third party will be responsible for all costs of operation including, but not limited to, landscaping, maintenance, taxes, insurance, property management and debt payments.

On February 15, 2006, the Company acquired a 33.3 percent interest in a property located in Phoenix, Arizona for $200,000. The property consists of a 2,180 square foot structure on approximately 38,587 square feet of land. The Company's interest was purchased from Ms Jan Wallace, an officer and director of the Company. The property will be used to house the Company's headquarters. The Company is not responsible for any of the expenses and does not share in the revenue stream associated with these properties.

Following is a summary of segment information by geographic unit for the year ended June 30, 2006:

	CA	AZ	TOTAL
Sales & Rental Income	$166,455	$0	$166,455
Net income (loss)	(157,528)	(22,184)	(179,712)
Total Assets	2,477,097	40,869	2,517,966
Capital Expenditure	200,000	42,440	242,440
Depreciation and amortization	21,291	321	21,612

Recent accounting pronouncements.

In February 2006, FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments". SFAS No. 155 amends SFAS No 133, "Accounting for Derivative Instruments and Hedging Activities", and SFAF No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS No. 155, permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, establishes a requirement to evaluate interest in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and amends SFAS No. 140 to eliminate the prohibition on the qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This statement is effective for all financial instruments acquired or issued after the beginning of the Company's first fiscal year that begins after September 15, 2006. Management believes that this statement will not have a significant impact on the consolidated financial statements.

In March 2006 FASB issued SFAS 156 'Accounting for Servicing of Financial Assets' this Statement amends FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,* with respect to the accounting for separately recognized servicing assets and servicing liabilities. This Statement:

1. Requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract.

2. Requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable.

SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Unaudited Consolidated Financial Statements
June 30, 2006

3. Permits an entity to choose 'Amortization method' or Fair value measurement method' for each class of separately recognized servicing assets and servicing liabilities:

4. At its initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available-for-sale securities under Statement 115, provided that the available-for-sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value.

5. Requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities.

This Statement is effective as of the beginning of the Company's first fiscal year that begins after September 15, 2006. Management believes that this statement will not have a significant impact on the consolidated financial statements.

NOTE 4 - Property and Equipment

The Company acquires income-producing real estate assets in the normal course of business. During 2005, the Company sold a shopping center and vacant lot in Dickinson, North Dakota and a shopping center in Las Vegas, Nevada. Property & Equipment comprised of following at June 30, 2006:

			Estimated Life
Buildings and improvements	$	1,945,593	39 years
Leasehold improvements	$	38,623	
Furniture, fixture and equipment	$	3,817	
Less accumulated depreciation		(144,825)	
	$	1,843,208	

Depreciation expense at June 30, 2006 and 2005 was $21,612 and $23,943, respectively. No interest was capitalized in either period.

NOTE 5 - Related Party Transactions

Seashore Diversified Investment Company (SDIC). Certain of the Company's former officers and directors were also officers and directors of SDIC and continue to be major shareholders of SDIC. During 2002 through 2004, SDIC advanced monies to the Company, $55,000 of which bears an interest rate of 9% and is evidenced by a note dated October 1, 2002 with a maturity date of September 30, 2003. Additional monies were advanced during that period and, at March 31, 2006, the outstanding advances totaled $162,143 plus $41,741 in accrued interest. While the Company recorded the contingent liability and associated accrued interest, $107,141 is not evidenced by any written instrument nor was there any expressed terms of repayment. In any event, it is the Company's position that the outstanding advances in favor of SDIC, while carried on the Company's books during these years, were forgiven in connection with the purchase of the Hospitality Inn. In 2003, the Company entered into an agreement with Seacrest Limited Partnership I (of which SDIC was the general partner) to purchase the Hospitality Inn free and clear. When it was discovered that Seacrest could not deliver title to the Hospitality Inn as presented, the Company requested and obtained a verbal agreement from SDIC forgiving the entire aforementioned

SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Unaudited Consolidated Financial Statements
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contingent liabilities then advanced and any future advances save $35,000. Members of the Board, management, and large shareholders of the Company, at the time of forgiveness, also represented SDIC, Seacrest Limited Partnership I and had a vested interest in the purchase of the Hospitality Inn by the Company.

SDIC has made no effort to collect the entire amount of the debt and acknowledged the forgiveness of the debt during the time the SDIC's officers and directors remained officers and directors of the Company. Only when these former officers and directors resigned with the Company did SDIC object to the forgiveness of the debt. Several of these individuals currently are involved in litigation with the Company (*See Note 13-Litigation*). While the Company firmly believes that the debt has been forgiven, the Company also believes that the statute of limitations to recover any such debt has since expired.

C. Wayne Sutterfield *(Sutterfield)*. The Company owed Sutterfield, a director and significant shareholder, two notes, $67,000 and $71,630 both secured by trust deeds on 5030 Campus Drive. The notes bear interest at 8% and mature on February 17, 2006, and December 31, 2006, respectively. The $67,000 note maturing February 17, 2006, has been extended for six-months to August 17, 2006. Sutterfield is a minority owner in DCB. In addition to the interest payment on the 3rd trust deed, the Company, pursuant to the terms of the operating agreement, pays Sutterfield a preferred return on his investment. Payments to Sutterfield for the six months ended June 30, 2006 and 2005 totaled $4,038 and $1,597, respectively. There is also $29,572 in accrued interest payable. The Company retains the right to acquire all his interests in DCB. Pursuant to the operating agreement, the Company is responsible for any and all cash flow deficiencies.

NOTE 6 - Note Payable - Related Parties

Note Payable comprised of following at June 30, 2006:

Unsecured note, bearing interest at 9%, interest only, due on demand	$ 58,275

Interest expense on the notes payable - related parties amounted to $7,236 and $7,422 for the six months ended June 30, 2006 and 2005, respectively, and $3,638 and $3,727 for the three month periods ended June 30, 2006 and 2005, respectively. The accrued interest has been reversed as discussed in Note 5 - Related Party Transactions.

On January 19, 2006, the Company paid off a note to Prime Time Auctions, Inc, a shareholder totaling $25,000 bearing interest at 15 percent secured by the Katella Business Center. The note was repaid in full including all accrued interest and late fees.

NOTE 7 - Mortgages Payable

Mortgages payable comprised of following at June 30, 2006:

Mortgage note, bearing interest at 11.5%, due on June 25, 2007, secured by 1st trust deed on Katella Center	$ 370,000
Mortgage note, bearing interest at the "1 year constant maturity treasury rate" plus 3.5%, adjusting annually, currently 8.0%, principal and interest monthly, maturing February 2, 2013, secured by 1st trust deed on 5030 Campus	670,991
Mortgage note, bearing interest at 8%, due on February 4, 2008, secured by 2nd trust deed on 5030 Campus	110,000
Total mortgages payable	$ 1,150,991

SECURED DIVERSIFIED INVESTMENT, LTD.
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Interest expense on the Mortgages payable amounted to $52,149, and $53,932 for the six month periods ended June 30, 2006 and 2005, respectively, and $26,381 and $26,761 for the three month periods ended June 30, 2006 and 2005, respectively.

NOTE 8 - Mortgages Payable - Related Parties

Mortgages payable - related parties, comprised of following at June 30, 2006:

Mortgage note, bearing interest at 8%, due on August 17, 2006, secured by 5030 Campus Drive	$	67,000
Mortgage note, bearing interest at 8%, due on December 31, 2006, secured by 3rd trust deed on 5030 Campus		71,630
Total mortgages payable- related parties	$	138,630

Interest expense on the Mortgages payable - related parties amounted to $15,622, and $9,602 for the six month periods ended June 30, 2006 and 2005, respectively, and $7,856 and $4,818 for the three month periods ended June 30, 2006 and 2005, respectively.

On February 17, 2006, the $67,000 mortgage payable, secured by 5030 Campus Drive, payable to the Sutterfield Family Trust (Wayne Sutterfield) matured. The note was extended for six months to August 17, 2006, on the same terms. The note will be extended for another six months.

NOTE 9 - Stockholders' Equity

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

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

During the period ended June 30, 2006, the Company had the following equity transaction:

On December 22, 2005, the Chief Executive Officer and President returned 45,000 shares of common

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stock to the Company for cancellation and return to unissued and authorized shares. The shares were cancelled January 14, 2006.

On February 2, 2006, Iomega converted its 250,000 shares of Series C Preferred Stock for 15,000,000 shares of the Company's common stock.

NOTE 10 - Stock Incentive Plans

In November 2003, the Board of Directors adopted and the Shareholders approved two stock incentive plans: the Secured Diversified Investment, Ltd. 2003 Employee Stock Incentive Plan (2003 Employee Plan) and the Secured Diversified Investment, Ltd. 2003 Non-employee Directors Stock Incentive Plan (2003 Directors Plan). The Plans authorized the grant of stock options, restricted stock awards, stock in lieu of cash compensation and stock purchase rights covering up to a total of 15,000,000 shares of common stock to key employees, consultants, and members of Board of Directors and also provides for ongoing automatic grants of stock options to non-employee directors. Effective April 1, 2005, The 2003 Employee Plan had been eliminated. The officers rescinded their employment agreements thereby forgiving the entire amount of their accrued salaries, shares issued and their grant of options under the 2003 Employee Plan. The former officers of the Company were collectively granted stock options totaling 2,500,000 shares of which 1,250,000 were vested at December 31, 2004. The Company recorded the expense of the vested options See Footnote 12 Commitments and Contingencies *Officer Employment Agreements* and Footnote 13 Litigation. The grant of options and those vested have been cancelled during 2005 as a result of the former employees canceling and rescinding their employment agreements.

A majority of the non-employee directors who received grants have resigned and were required to exercise such options within six months of resignation or the options would expire and automatically cancel. The grant of all stock options under the 2003 Director Plan have expired and been cancelled. The 2003 Director Plan ceases to exist.

At the annual shareholder meeting, on June 2, 2006, the shareholders approved the '2006 Stock Option Plan of Secured Diversified Investment, Ltd.' The Plan authorizes the grant of stock options to key employees, consultants, and members of Board of Directors. Under the Plan, the aggregate sales price, or amount of securities sold, during any 12 month period may not exceed the greater of: (1) $1 million, (2) 15% of the total assets of the Company, or (3) 15% of the issued and outstanding common stock of the company, including shares previously issued under this Plan or other stock option plans created by the Company, whichever is greater. The maximum number of shares for which an Option may be granted to any Optionee during any calendar year will not exceed 5% of the issued and outstanding shares.

As of June 30, 2006 the Company has no outstanding options.

NOTE 11 - Warrants

At June 30, 2006, the Company had the following subscriptions for warrants outstanding:

Date	Number of Warrants	Exercise Price	Expiration Date
April 4, 2005	400,000	Range from $0.50 to $2.00	April 4, 2010

Following is a summary of the warrant activity: -		Aggregate Intrinsic value
Outstanding at December 31, 2005	400,000	$ 0

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Granted	-		
Forfeited	-		
Exercised	-		
Outstanding at June 30, 2006	400,000	$	0

Following is a summary of the status of warrants outstanding at June 30, 2006:

Outstanding Warrants				Exercisable Warrants	
Exercise Price	Number	Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$ 0.50 - $2.00	400,000	3.75 years	$ 1.25	400,000	$1.25

For the six month period ended June 30, 2006, the Company issued no new warrants and recorded no further expense.

NOTE 12 - Commitment and Contingencies

Lease agreements. The Company is obligated under various ground leases (Katella Center and 5030 Campus). Future ground lease payments will be adjusted by a percentage of the fair market value of the land.

Future annual minimum lease payments and principal payments under existing agreements are as follows:

	3rd Party Lease Obligation	Related Party Debt	3rd Party Debt	Officer Salaries	Total
2006	$ 39,645	$ 138,630	$ 17,073	$ 132,000	$ 327,348
2007	107,290	-	392,764	84,000	584,054
2008	127,290	-	132,764	-	260,054
2009	127,290	-	22,764	-	150,054
2010	127,290	-	22,764	-	150,054
	$ 528,805	$ 138,630	$ 588,129	$ 216,000	$ 1,471,564

The lease expenses were $39,645 and $124,938 for the six-month periods ended June 30, 2006 and 2005, respectively, and $19,823 and $62,609 for the three month periods ended June 30, 2006 and 2005, respectively.

On November 1, 2005, the Company relocated its offices to 5030 Campus Drive, Newport Beach, California. 5030 Campus is owned by the Company's subsidiary, Diversified Commercial Brokers. Nationwide Commercial Brokers, a former subsidiary of the Company owned by Robert Leonard a major

shareholder of the Company, assumed the Company's former offices at 4940 Campus Drive and indemnify and hold the Company harmless from any and all claims, demands, causes of action, losses, costs (including without limitation reasonable court costs and attorneys' fees), liabilities or damages of any kind or nature whatsoever that the Company may sustain by reason of Nationwide Commercial Brokers' breach or non-fulfillment (whether by action or inaction), at any time.

Officer employment agreements. During 2003, the Company executed employment agreements with its officers that extend through 2006. On May 11, 2005 and effective April 1, 2005, the officers have rescinded their employment agreements and forgiven the entire amount of their accrued salaries and their respective grant of options under the Company's 2003 Employee Stock Incentive Plan. The Company entered into new employment agreements with the officers. Shares and stock options issued under the previous agreements will be rescinded. The employment agreements will provide for a reduced issuance of common stock and options vesting over the term of the agreement. Since then three officers have agreed to resign, and the Company has decided to set aside $177,000 in contingent liabilities as potential payout and settlement to these officers. The Company is now in a dispute with these former officers (See Note 13 - Litigation).

NOTE 13 - Litigation

On January 11, 2005, the Company terminated the employment of Luis Leon, formerly the Chief Executive Officer of the Company. On April 6, 2005, Luis Leon filed a complain against the Company in the Superior Court of California, County of Orange, alleging causes of action for breach of contract, promissory estoppels, intentional misrepresentation, violations of the California Labor Code. On April 7, 2006, the matter has been settled for $65,000 and a grant of 150,000 stock options. Each party is responsible for its own respective costs and attorney's fees. The Company adopted 2006 stock option plan in June 2006 and subsequently in August 2006 the Company issued 150,000 options to Luis Leon. (See Footnote 17 "Subsequent Events"). As of June 30, 2006 the Company has accrued expense related these stock options.

On January 13, 2006, Alliance Title Company, Inc. ("Alliance") filed a complaint in the matter of Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd. (case no. 06CC02129) in the Superior Court of California, County of Orange. The complaint alleges that Alliance, our escrow agent, was entrusted with $267,000 pursuant to escrow instructions, and that a mutual written agreement among the parties to the escrow was required to properly disperse the funds. Alliance further alleges that no instructions were provided to disperse the funds, but instead, competing claims for the funds were made by Secured Diversified Investment, Ltd., Clifford L. Strand, William S. Biddle, Gernot Trolf, Nationwide Commercial Brokers, Inc., and Prime Time Auctions, Inc.

Alliance has deposited the funds with the court and has asked for a declaration of rights regarding the funds. The Company is contesting the case vigorously and is proceeding with discovery. At this time the Company cannot make any evaluation of the outcome of this litigation. Alliance has requested that its reasonable costs and attorney's fees be paid from the deposited funds. If Alliance is granted its request it will be paid from the proceeds currently held in escrow. Each of the parties involved will pay its prorata share of these costs. These costs will not be the sole responsibility of the Company.

On January 20, 2006, Clifford L. Strand, William S. Biddle, Gernot Trolf, our former management, and Nationwide Commercial Brokers, Inc., our former subsidiary (collectively, "Plaintiffs"), filed a complaint in the matter of Clifford L. Strand v. Secured Diversified Investment, Ltd. (case no. 06CC02350) in the Superior Court of California, County of Orange. The complaint contains causes of action for fraud and

misrepresentation, negligent misrepresentation, breach of contract, breach of the covenant of good faith and fair dealing, conversion, common counts, money had and received, and declaratory relief. These allegations arise out of the hold over of funds at issue in Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd. (case no. 06CC02129), described above. To date, however, the matters have not been consolidated. The Company has set aside $177,000 in contingent liabilities as potential payout and settlement to these officers.

The Company filed a cross-complaint against all Plaintiffs, Alliance Title Company and Brenda Burnett, a former employee of Alliance. Our cross-complaint contains causes of action for breach of contract, breach of fiduciary duty, negligent supervision, civil conspiracy, intentional interference with economic relations, negligent interference with economic relations, breach of oral agreement, breach of employment contract, breach of director/officers' fiduciary duty, fraud/intentional misrepresentation, and declaratory relief. The Company is defending and prosecuting this case vigorously and is proceeding with discovery. At this time the Company cannot make any evaluation of the outcome of this litigation.

On March 10, 2006, some of our shareholders, including Clifford L. Strand, Robert J. Leonard, William S. Biddle, and Gernot Trolf (collectively, "Plaintiffs") filed a complaint in the matter of William S. Biddle v. Secured Diversified Investment, Ltd. (case no. 06CC03959) in the Superior Court of California, County of Orange. Plaintiff seek declaratory relief as to whether we are a foreign corporation under California Corporation Code Section 2115(a) and whether Plaintiff's alleged demand for our shareholder list and for an inspection of the accounting books and records and minutes of shareholders , board of directors and committees of such board is governed under California Corporation Code Sections 1600 and 1601. The Company is contesting this case vigorously and is proceeding with discovery. At this time, the Company cannot make any evaluation of the outcome of this litigation.

NOTE 14 -Equity Investments in Real Estate

On January 6, 2006, the Company acquired a 25 percent Tenant-in-Common interest in a commercial property located in Paradise Valley, Arizona for $300,000. The tenant-in common partners include a director of the Company, 25 percent, and an unrelated third party, 50 percent and SDI 25%. The Company does not share in the revenue stream and is not responsible for any costs of operation including, but not limited to, landscaping, maintenance, taxes, insurance, property management and debt payments.

The unrelated third party will be responsible for all costs of operation including, but not limited to, landscaping, maintenance, taxes, insurance, property management and debt payments.

On February 15, 2006, the Company acquired a 33.3 percent interest in a property located in Phoenix, Arizona for $200,000. The property consists of a 2,180 square foot structure on approximately 38,587 square feet of land. The Company's interest was purchased from Ms Jan Wallace, an officer and director of the Company. The property will be used to house the Company's headquarters. The Company is not responsible for any of the expenses and does not share in the revenue stream associated with the property.

Note 15 - Subsidiaries

The Company has established a new wholly owned subsidiary, Secured Lending, LLC, to engage in mortgage banking activities in the state of Arizona. The new subsidiary was incorporated on June 15th, 2006 and it began funding loans in July. Secured Lending will aggressively seek developers with finished product that require permanent take-out financing for its customers.

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Following is the summary of Secured Lending operations as of June 30, 2006.

Sales & Rental Income	$0
Net income (loss)	(22,184)
Total Assets	40,869
Capital Expenditure	42,440
Depreciation and amortization	321

Note 16 - Other Income

Other income includes a litigation settlement of $134,318 due to settlement with the Company's former CEO (See note 13).

Other income also includes forgiveness of debt of $152,522 related to Seashore Diversified Investment Company (SDIC) (See note 5).

Note 17 - Subsequent Events

On July 26, 2006, the Company's subsidiary, Secured Lending, LLC, entered into an agreement with Americash Mortgage Bankers in order to further expand its mortgage lending activities in Arizona.

On July 1, 2006, Secured Lending, LLC has entered into a lease agreement with Jan Wallace, Chief Executive Officer and Director for the lease of office space at 12202 Scottsdale Road, Phoenix, Arizona, in order to conduct its mortgage banking operation. The lease is for approximately 1,464 square feet at $1.75 per month with a term of three years and two three year options.

On August 4, 2006, the Company's subsidiary, Diversified Commercial Brokers, LLC, opened escrow to sell the property located at 5030 Campus Drive, Newport Beach, California for a price of $1,483,000 to an unrelated third party. The escrow was opened with a deposit of $25,000 which will increase to $75,000 after the due diligence period and at that time become non-refundable

On August 2, 2006, the Company successfully negotiated to secure $400,000 in financing from Stonebridge Capital Group, Ltd. In exchange, the Company agreed to issue 1,500,000 shares of Common Stock post-reverse split of the Company's outstanding Common and Series A Preferred Stock (August 14, 2006) and a Warrant to purchase an additional 250,000 shares of Common Stock.

On August 8, 2006, the Company issued 150,000 options at a strike price of $0.15 to Luis Leon under the '2006 Stock Option Plan of Secured Diversified Investment, Ltd.' The term to exercise the options expires 180 days from May 31, 2006, the effective date (See Note 13 - Litigation).

Item 2. Management's Discussion and Analysis or Plan of Operation

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. We intend 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 are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our 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 our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Our Business

Our business is to invest in properties that will provide immediate appreciation with little debt service strategically located in Arizona, Nevada and Utah. Properties acquired are expected to demonstrate a sufficient cash flow, minimum debt, and the opportunity for appreciation. Because of limited cash resources we will seek properties that may be acquired with partners.

Aside from our real estate portfolio, we are also looking into extending our business plan to include other real estate related activities such as mortgage banking operations. We established a wholly-owned subsidiary, Secured Lending, LLC ("Secured Lending"), and are currently undergoing the application process to engage in mortgage lending in the State of Arizona.

In furtherance of our design to engage in mortgage banking operations, Ms. Jan Wallace, our officer and director, signed an agreement with Americash (the "Branch Agreement") subsequent to the current reporting period to set up an Americash branch office in Arizona. Americash is a Southern California based originator of residential and commercial mortgage loans. The company is currently licensed as a direct lender in 19 states, and an approved Fannie Mae Seller/Servicer.

Americash's objective is to provide homeowners and potential homeowners with low cost, competitively priced mortgage products, and back those products with excellent service. The Branch Agreement provides that Ms. Wallace will become an employee of Americash and manage the overall operations of the branch in exchange for fees collected at closing minus certain fees deducted for Americash (including $595 plus a quarter point and surcharges from certain banking institutions in Americash's banking arms). A copy of the Branch Agreement is attached as an exhibit to this quarterly report.

While Ms. Wallace signed the Branch Agreement in her individual capacity, she agreed to assign her compensation rights to Secured Lending and obtain the necessary approvals for Secured Lending to share information with Americash. A copy of the Assignment is attached as an exhibit to this quarterly report. Until Secured Lending obtains the necessary regulatory approvals, which we cannot guarantee will occur, it may not engage in secured lending. We are hopeful, however, that Secured Lending will pass the regulatory hurdles during the next 12 months and become a mortgage banking institution.

Also subsequent to the reporting period, Secured Lending entered into an agreement with Dakota First, L.L.C., a North Dakota company ("Dakota"), to have Dakota generate and process loans that will be funded through Americash. In exchange, Dakota will receive a commission from Secured Lending consisting mainly of the following: (1) 70% of all origination fees and discount points; (2) 70% of all yield spread premiums (all fees will be paid, after fees to Americash are paid.); and (3) a $30,000 consulting fee, to be paid each month for the months of June, July and August 2006. A copy of the agreement is attached as an exhibit to this quarterly report.

Our Properties

Lincoln Drive Property

In the first quarter of our fiscal year, we acquired a 25% tenant-in-common interest in three buildings located at 5203 - 5205 East Lincoln Drive in Paradise Valley, Arizona 85253. The property is in very good condition. The property is 100% leased and situated between two new residential/hospitality developments. Although we will not receive any rental income from the leased units, we are not responsible for any costs of operating the buildings including landscaping, exterior maintenance, property management, and the payment of taxes, insurance and loan payments. Our interest in the property is solely to realize appreciable gain. We believe the property's adjacent developments and scheduled city improvements to the walkways in the front area are positive indicators that we will experience appreciable gain in any future sale of the property.

Cactus Road Property

Also in the first quarter of our fiscal year, we acquired a 33 1/3% tenant-in-common interest in property located at 12202 North Scottsdale Road, Phoenix, Arizona 85054. The property consists of 2,180 square feet situated on approximately 38,587 square feet of land strategically located on a heavily trafficked corner. The property needs repair. We invested in the property and plan to have it remodelled and retrofitted to house our headquarters. Repairs and renovation costs are estimated

at $46,950, which include a complete repair and replacement of the roof, electrical retrofitting, plumbing repairs, HVAC repairs, renovation and remodelling of the kitchen area. The co-owner of the property and our officer and director, Ms. Jan Wallace, will be responsible for these costs.

While we anticipate occupying approximately 700 square feet of the property, our wholly-owned mortgage banking subsidiary leases the remaining portion of the building in which we do not have any interest from Ms. Wallace. Because of the property's heavily trafficked location, we believe that it will appreciate and provide us a profit in the event we elect to sell it at some future date.

The Katella Center

We own a 100% interest in the Katella Center, a strip mall consisting of six retail rental units of various sizes totalling approximately 9,500 square feet, located at 632-650 E. Katella Avenue in Orange, California. The property is in fair condition.

The Katella Center is currently generating monthly net cash flow of approximately $3,000. The property is located on approximately 35,800 square feet of leased ground owned by a non-affiliated third party. The lease has a 52-year term that expires in March 2017. The ground lease payment is currently $3,000 per month. Commencing June 1, 2007, however, the annual ground lease payment shall revert to 7% of the fair market value of the land, which we estimate to be approximately $1.2 million. Thus, if our estimations are correct, we will face a ground lease payment of approximately $7,000 per month commencing June 1, 2007.

Because our monthly net flow will not be enough to cover a potential $7,000 monthly payment on ground lease, we are forced to consider our options. In addition, the $370,000 loan underlying the first deed of trust matures on June 25th, 2006. We have negotiated an extension of the first deed of trust at the same rate for one year. The new maturity date is June 25th, 2007. Management has thoroughly reviewed the issues concerning this property and as a result have listed the property for sale with Voit Commercial Brokerage for $350,000. We have impaired this property by $214,977 as of December 31, 2005.

Campus Drive Office Building

We are the managing member and own a 53.8% membership interest in a limited liability company known as Diversified Commercial Brokers, LLC ("Diversified"). The primary asset of Diversified is an 8,685 square office building located at 5030 Campus Drive in Newport Beach, California 92660. The property is in good condition.

The Campus Drive Office Building is currently not generating sufficient cash flow to satisfy its monthly obligations of approximately $19,300. This situation is attributable to the debt structure and the required preferential return payments to the minority member negotiated by prior management. Payments to the minority member, as of the date of this filing, are six months in arrears.

Subsequent to the current reporting period, we entered into a Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (the "Purchase Agreement") with Harris

Insurance, an unrelated third-party (the "Purchaser"), for the sale of the Campus Drive Office Building for $1,483,000. In the transaction, we are represented by Voit Commercial Brokerage and the Purchaser is represented by Cushman & Wakefield. Escrow opened on August 4th, 2006. Under the Purchase Agreement and related Addendum, the Purchaser will deposit $25,000 at the opening of escrow and deposit an additional $50,000 thirty seven (37) days later at which time the entire $75,000 will be non-refundable. We anticipate to net cash proceeds of approximately $200,000.

Results of Operations for the six and three months ended June 30, 2006 and 2005

The comparability of the financial information discussed below is limited by acquisitions and dispositions completed during the fiscal year ended December 31, 2005. During 2005, we sold our vacant parcel of land and T-Rex Plaza shopping center in Dickinson, North Dakota, and our shopping center in Las Vegas, Nevada. Additionally, we sold a 100% interest in our subsidiaries Nationwide Commercial Brokers, Inc. and Diversified Commercial Mortgage, Inc. We also completed the sale of our 63% interest in Spencer Springs, LLC.

Comparison of six month periods ended June 30, 2006 and 2005.

Income. Income consists primarily of rental income from commercial properties pursuant to tenant leases. We reported income of $166,455 for the six month period ended June 30, 2006, compared with income of $392,060 including $108,409 from our brokerage subsidiary, for the same period ended June 30, 2005. The decrease is attributable to the sale of our real estate properties except for the Campus Drive Office Building and the Katella Center, and the sale of our brokerage subsidiary, Nationwide Commercial Brokers, Inc.

General 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 decreased by $933,998 to $566,080 for the six month period ended June 30, 2006, compared to $1,500,078 for the same period ended June 30, 2005. The decrease is attributable to the reduction of overhead including payroll, payroll taxes, office rent, professional fees, and the sale of poorly performing properties resulting in the reduction of leasing commissions, land lease payments, property taxes and related carrying costs.

Depreciation. Depreciation for the six month period ended June 30, 2006 was $21,612 compared to $23,943 in depreciation expense for the same period ended June 30, 2005. The depreciation was attributable primarily to the Campus Drive Office Building and the Katella Center.

Interest and Other Income and Expense. Interest expense consists of mortgage interest paid on our properties. Interest expense was $79,577 for the six month period ended June 30, 2006 compared to $107,424 for the six month period ended June 30, 2005. The decrease in interest expense is attributable to the sale of properties and the corresponding reduction in debt. Interest expense was attributable primarily to the Campus Drive Office Building and the Katella Center.

Net Income (Loss). We reported a net loss of $(179,712) or $(0.01) per share for the six months ended June 30, 2006 compared to a net loss of $(228,072) or $(0.02) per share for the six months

ended June 30, 2005. We reported no income or loss for discontinued operations during the six month period ended June 30, 2006. For the six month period ended June 30, 2005, we reported a net loss from continuing operations of $(518,233) or $(0.04) per share and net income from disposal of discontinued operations of $290,161, or $0.02 per share.

Comparison of three month periods ended June 30, 2006 and 2005.

Income. Income consists primarily of rental income from commercial properties pursuant to tenant leases. We reported income of $85,015 for the three month period ended June 30, 2006, compared with income of $152,000 including $15,821 from our brokerage subsidiary, for the same period ended June 30, 2005. The decrease is attributable to the sale of our real estate properties except for the Campus Drive Office Building and the Katella Center, and the sale of our brokerage subsidiary, Nationwide Commercial Brokers, Inc.

General 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 decreased by $368,624 to $313,338 for the three month period ended June 30, 2006, compared to $681,962 for the same period ended June 30, 2005. The decrease is attributable to the reduction of overhead including payroll, payroll taxes, office rent, professional fees, and the sale of poorly performing properties resulting in the reduction of leasing commissions, land lease payments, property taxes and related carrying costs.

Depreciation. Depreciation for the three month period ended June 30, 2006 was $10,966 compared to $12,079 in depreciation expense for the same period ended June 30, 2005. The depreciation was attributable primarily to the Campus Drive Office Building and the Katella Center.

Interest and Other Income and Expense. Interest expense consists of mortgage interest paid on our properties. Interest expense was $42,208 for the three month period ended June 30, 2006 compared to $55,662 for the three month period ended June 30, 2005. The decrease in interest expense is attributable to the sale of properties and the corresponding reduction in debt. Interest expense was attributable primarily to the Campus Drive Office Building and the Katella Center.

Net Income (Loss). We reported a net loss of $(110,839) or $(0.00) per share for the three months ended June 30, 2006 compared to a net income of $81,984 or $0.01 per share for the three months ended June 30, 2005. The reported net income for the three month period was attributable to non-operating income primarily attributable to the forgiveness of deferred salaries by prior management. We reported no income or loss for discontinued operations during the three month periods ended June 30, 2006 and 2005.

Liquidity and Capital Resources

Capital Resources

As stated in financial statement Note 1 - Going Concern, our financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate

continuation of our company as a going concern. However, we have an accumulated deficit of $8,178,013 as of June 30, 2006. We reported a net loss of 179,712 at June 30, 2006. We currently have positive liquidity, but have not established a stabilized source of revenues sufficient to cover operating costs over an extended period of time. Additionally, we are involved in litigation with several of our prior employees. The outcome of this litigation may adversely affect our liquidity.

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

Our management is restructuring our operations by selling many of our poorly performing properties and reducing the associated high cost of debt. We have also significantly reduced overhead. We continue to search and evaluate different business opportunities in efforts to generate a stabilized cash flow and funds for future investments. During the current reporting period, management has been concentrating significant efforts in securing a business partnership with Americash, in connection with our secured lending business, as a means of bringing in additional revenues. In the long term, we are hopeful that this new business will help alleviate our dependence upon investment capital.

At June 30, 2006, we had $390,098 of cash and cash equivalents as compared to $240,093 of cash and cash equivalents at June 30, 2005 to meet our immediate short-term liquidity requirements. This increase in cash and cash equivalents is attributable to the sale of our Las Vegas, Nevada shopping center. Also, subsequent to the current reporting period, we were successful in securing additional funds of $400,000 through our financing efforts with Stonebridge Capital Group, Ltd. (“Stonebridge”). In exchange for receiving these funds, we are bound by certain terms and conditions of the financing as follows:

1. We are required to execute a stock reversal of our Common and Series A Preferred Stock at a 20 to 1 ratio (the “Reverse Split”);
2. We are required to issue Stonebridge one million five hundred thousand (1,500,000) shares of our Common Stock post Reverse Split;
3. We are required to issue a Warrant to Stonebridge to purchase an additional two hundred and fifty thousand (250,000) shares of our Common Stock at a strike price of fifty cents ($0.50) per share for a period of three years from the date the Warrant is issued.
4. We agreed to register Stonebridge’s 1,500,000 shares of our Common Stock with the Securities and Exchange Commission no later than 120 days from the date proceeds are delivered to escrow; and
5. If registration is not completed in the 120 days period, Stonebridge shall be compensated with the issuance of an additional one hundred thousand (100,000) shares of our Common Stock every thirty (30) days that the registration rights are not issued.

Proceeds from the $400,000 will be used for the development and commercialization of our

existing business and for general working captial purposes including salaries, general overhead and administrative costs. The infusion of $400,000, along with our existing cash reserves, should be enough to fund our operations for the next 12 months. Notwithstanding our financial security for the next 12 months, we intend to position our company to be able to raise additional funds through the capital markets, if needed. There are no assurances that we will be successful in this or any of our endeavours to become financially viable and continue as a going concern.

To date, we have paid no dividends and do not anticipate paying dividends into the foreseeable future.

Cash Flows from Operating Activities

Net cash used in operating activities was $(562,878) for the six months ended June 30, 2006 compared to net cash used in operating activities of $(597,759) for the six months ended June 30, 2005. This decrease in cash used by operating activities relative to the prior period was primarily due to the disposition of assets and reduction in overhead.

We are considering other potential opportunities not limiting ourselves to the acquisition of real estate. The decision to acquire properties or other types of investments will generally depend upon the opportunity to provide appreciation, an established source of revenues in excess of operating costs, and a stabilized cash flow stream sufficient to make future investments.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to $(242,440) for the six months ended June 30, 2006 compared to net cash provided by investing activities of $564,796 for the six months ended June 30, 2005. The net cash used in investing activities during 2006 was primarily attributable to the Company's purchase of a 33 1/3 percent interest in the Cactus Street property. The cash provided by investing activities during the same period in 2005 was attributable to the disposition of the Company's subsidiary interest.

At June 30, 2006, we do not have any material planned capital expenditures resulting from any known demand based on existing trends. However, we may conclude that expenditures to improve properties are necessary and/or desirable.

Cash Flows from Financing Activities

Cash used in financing activities amounted to $(34,989) compared to cash provided by financing activities in the amount of $9,552 for the six months ended June 30, 2005, attributable to proceeds from notes payable.

We intend to invest in business opportunities and acquire properties and may seek to fund these acquisitions through proceeds received from a combination of subsequent equity offerings, debt financings or asset dispositions.

Off Balance Sheet Arrangements

As of June 30, 2006, there were no off balance sheet arrangements.

Critical Accounting Estimates and Policies

The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We believe that our 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:

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

Item 3. Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2006. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer, Ms. Jan Wallace, and our Chief Financial Officer, Mr. Munjit Johal. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2006, our disclosure controls and procedures are effective. There have been no changes in our internal controls over financial reporting during the quarter ended June 30, 2006.

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

Limitations on the Effectiveness of Internal Controls

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material development in any of the ongoing legal proceedings previously reported in which we are a party with the exception of our settlement with Luis Leon, former Chief Executive Officer, and Maria Leon (together, the "Leons"). The matter was settled for $65,000 and a grant of options for 150,000 shares at a strike price of $0.15. The Leons have six months to exercise the options from the date of issuance.

A complete discussion of our ongoing legal proceedings is discussed in our annual report on Form 10-KSB for the year ended December 31, 2005.

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

The information set forth below relates to our issuances of securities without registration under the Securities Act during the reporting period which were not previously included in a Current Report on Form 8-K.

During the reporting period, we issued an option to purchase 150,000 shares of our common stock at a strike price of $0.15 per share to Luis and Maria Leon (the "Leons") in connection with a settlement agreement we entered into with the Leons.

Subsequent to the reporting period, we agreed to issue 1,500,000 shares of our common stock and a warrant to purchase an additional 250,000 shares of our common stock at a strike price of $.50 per share to Stonebridge Capital Group, Ltd. in connection with a financing agreement. Along with the shares and warrant, we granted Stonebridge registration rights for the $400,000 in proceeds we received from the financing.

These securities were issued pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended. The investors represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about us to make an informed investment decision. We did not engage in any general solicitation or advertising. We directed our transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.

Item 3. Defaults upon Senior Securities

None

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

Our Annual Meeting of the Shareholders was held on June 2, 2006. The following proposals were adopted by the margins indicated in the table below:

1. To elect directors to serve until the next annual meeting or until their successors are elected and qualified.

2. To approve the 2006 Stock Option Plan (the "2006 Plan").

	Number of Shares		
Proposal	**For**	**Against**	**Withheld/ Abstained**
Proposal 1 - Election of Directors			
Jan Wallace	19,355,962	12,353,819	26,601
Patrick McNevin	19,355,962	12,353,819	26,601
Jay Kister	19,355,962	12,353,819	26,601
Peter Richman	19,355,962	12,353,819	26,601
Proposal 2- Approval of 2006 Plan	19,110,627	12,599,154	26,601

As stated in our current report on Form 8-K filed with the Securities and Exchange Commission on June 9, 2006, Mr. McNevin resigned as director of our Company on June 8, 2006.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Description of Exhibit
10.1	Settlement Agreement and Mutual Release, dated May 31, 2006
10.2	Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, dated July 27, 2006
10.3	Addendum to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, dated July 27, 2006
10.4	Branch Management Agreement, dated July 19, 2006
10.5	Assignment of Rights Agreement, effective July 19, 2006
10.6	Agreement with Dakota First, L.L.C., dated August 2, 2006
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

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

Secured Diversified Investment, Ltd.

Date: August 21, 2006

By: /s/ Jan Wallace
Ms. Jan Wallace
Title: **Chief Executive Officer and Director**

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Agreement") is entered into by and between SECURED DIVERSIFIED INVESTMENT, a Nevada Corporation authorized to do business in California ("SDI"), on one hand, and LUIS LEON, an individual ("Mr. Leon"), and MARIA LEON, an individual ("Mrs. Leon"), (Collectively, "Plaintiffs" or the "Leons") on the other hand, (sometimes collectively referred to herein as the "Parties") with reference to the following recitals:

RECITALS

A. On or about July 2004, SDI and Mr. Leon into an employment relationship in which Mr. Leon was hired as Chief Executive Officer of SDI.

B. On or about January 5, 2005, SDI terminated Mr. Leon's employment.

C. The Leons subsequently filed a lawsuit on April 1, 2005, styled Luis Leon, an individual, et. al, v. Secured Diversified Investment, Ltd., a Nevada corporation, with the Superior Court of California in and for the County of Orange, Central District Case No. 05CC04651, alleging causes of action for Breach of Contract, Promissory Estoppel, Intentional Misrepresentation, and Labor Code Violations as to Mr. Leon only, and Intentional Infliction of Emotional Distress and Negligent Infliction of Emotional Distress as to Mr. Leon and Mrs. Leon.

D. SDI and the Leons would like to avoid the uncertainty, costs and risks involved if this action is further litigated and, as a result, want to settle the action in its entirety according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, promises, mutual covenants and warranties set forth herein, and for other good and valuable consideration, the receipt of which are hereby acknowledged, SDI and the Leons agree as follows:

AGREEMENT

1. Payment of Settlement Amount

.1. SDI shall pay to the Leons the sum of exactly sixty five thousand dollars ($65,000.00). In addition, SDI shall deliver stock options to Mr. Leon with the following terms and conditions: Expiration date of 180 days of execution of this Agreement; option to purchase up to 150,000-shares of SDI common stock at the strike Price of 15 cents per share; SDI to exercise reasonable and good faith efforts to deliver share certificates to conclude any option exercise. The Parties acknowledge and agree that 15 cents per share is a reasonable value of the SDI shares at the present time. The payment of the settlement amount set out above and the delivery of the stock options shall be in full and final settlement of all claims. The cash component shall be paid by check payable to the "The Feldhake Law Firm client trust account."

All arrangements for delivery of stock options and exercise shall be made directly with SDI's CFO, without the requirement to consult with counsel for SDI.

1.2. Notwithstanding payment of the settlement amount and the issuance of the stock options, the Parties acknowledge that neither shall be considered the "prevailing party," as defined by California Code of Civil Procedure section 1023(4), for purposes of recovering costs, because each party agrees to bear its own attorneys' fees and costs of this Action.

1.3. Within ten days after execution of this Agreement and SD1's payment of the principal amount set out above, the Leons will file a Request for Dismissal with Prejudice of the entire action.

2. Mutual Release.

2.1 In consideration of the mutual promises and obligations set forth above, SDI and the Leons hereby forever release, acquit and discharge each other and their respective partners, directors, officers, employees, shareholders, agents, representatives, affiliates, heirs, personal representatives, successors and assigns from any and all rights, claims, causes of action, suits and liabilities of every kind or nature whatsoever, whether known or unknown, suspected or unsuspected, that they may have against each other which in any manner arise out of, relate to, or are connected with the Action or the matters reflected and described in the Recitals herein (collectively, the “Released Claims”).

2.2 The Parties intend that this Agreement shall be a full and final settlement of, and bar to, any and all claims and/or causes of action arising between and/or among them. In connection therewith, the Parties acknowledge that they may hereafter discover facts different from or in addition to the facts which they may know or believe to be true with respect to the Released Claims, but that they intend to hereby fully and forever settle all disputes between and/or among them. In furtherance of such intention, the general release given herein shall be and remain in effect as a full and complete mutual release, notwithstanding discovery of any such different or additional facts. Therefore, the Parties acknowledge that they have been informed of and are familiar with the provisions of Civil Code section 1542, which provides as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

The parties hereby waive and relinquish all rights and benefits they have under Civil Code section 1542 to the full extent that they may lawfully waive all such rights benefits pertaining to the Released Claims.

2.3 The parties acknowledge that the execution of this Agreement affects the settlement of contested and denied claims. The parties agree that nothing contained in this Agreement shall be construed as an admission by any party of any liability to any other party in any way.

3. Representations & Warranties.

The Parties represent and warrant to each other as follows:

3.1 That as of the date of their execution of this Agreement, they are unaware of any facts, conditions or matters relating to, arising out of, or connected with the events and/or transactions set forth in the Complaint, which would give rise to any claims for damages or equitable relief not being released by each party pursuant to the terms of this Agreement.

3.2 That each party hereto has the requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement, and that this Agreement and all other agreements and instruments, to the extent they are to be executed by any corporate or partnership entity in connection with this Agreement, have been (or upon execution will have been) duly executed and delivered by such corporate or partnership entity, have been effectively authorized by all necessary action, corporate or otherwise, and constitute (or upon execution will constitute) legal, valid and binding obligations of the respective parties hereto.

3.3 That no portion of any claim, demand, or cause of action that the Parties may or might have against the other, and which have been previously identified as Released Claims herein, have been assigned or transferred to any other person, firm or corporation, including, without limitation, any parent, subsidiary or affiliate of any party, in any manner, including by way of subrogation, operation of law or otherwise. In the event any third party makes a claim against a party to this Agreement based upon such an alleged transfer or assignment of a Released Claim, the party to this Agreement who is the alleged transferor or assignor shall indemnify and hold harmless the party to this Agreement against whom the claim is asserted.

3.4 That in executing this Agreement, the Parties have relied solely upon their own judgment, belief and knowledge and on the advice and recommendations of their own independently selected counsel concerning the nature, extent and duration of their rights and claims. Further, the Parties acknowledge that they have not been influenced by any representations or statements concerning any matters made by any other parties or by any person or attorney representing any other parties in connection with the negotiation and/or execution of this Agreement.

3.5 This Agreement is intended to be final and binding between and among the Parties and is further intended to be effective as a full and final accord and satisfaction between them regardless of any mistake of fact or law, or any other circumstances whatsoever.

The parties are relying upon the finality of this Agreement as a material factor inducing each party's execution of this Agreement.

3.6 The Parties have made such investigation of the facts pertaining to the underlying disputes and this Agreement, and all of the matters pertaining thereto, as they deem necessary.

3.7 The terms of this Agreement are contractual and are the result of arm's length negotiations between and among the Parties.

3.8 This Agreement has been carefully read by each party, and the contents hereof are known and understood and freely executed by the Parties.

3.9 The Parties covenant and agree not to bring any action, claim, suit or proceeding against the other, directly or indirectly, regarding or relating in any manner to any Released Claim, and each further covenants and agrees that this Agreement is a bar to any such claim, action, suit or proceeding.

4. Representations regarding Stock Options.

The Leons represent and warrant to SDI that they:

(1) are acquiring the Settlement Options for their own account as an investment and without an intent to distribute;

(2) acknowledge that the Settlement Options have not been registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Settlement Options and any shares of SDI common stock received upon exercise of the Settlement Options may not be resold or transferred by such person without appropriate registration or the availability of an exemption from such requirements;

(3) have such knowledge and experience in business and financial matters in general as to be capable of evaluating SDI, its proposed activities, and the risks and merits of an investment in the Settlement Options and any shares of SDI common stock received upon exercise of the Settlement Options;

(4) have had an opportunity to ask questions and receive answers from SDI regarding any information they consider necessary or appropriate in deciding whether to enter into the Agreement and acquire the Settlement Options; and

(5) are an "accredited investor" within the meaning of SEC Rule 501 of Regulation D, as presently in effect.

5. Amendment. This Agreement may not be modified, altered or changed except upon express written consent of both parties wherein specific reference is made to this Agreement.

6. Non-Disparagement. In response to inquiries from third parties concerning the status or disposition of this dispute and the Action, the Parties and their respective attorneys will state only that the dispute has been resolved and that neither party can discuss it except to the extent of any mutually agreeable writings prepared by or for the Parties for release and dissemination. Should either Party allege a breach of this provision, the prevailing party on as to the allegation will be entitled to reasonable attorneys' fees and costs in having to defend or prosecute the allegation, in addition to such other damages as may have resulted from the violation.

7. Confidentiality. The Parties and their respective attorneys agree that they will not publicize or disclose or cause or knowingly permit or authorize the publicizing or disclosure of the contents of this Agreement or of the negotiations leading up to it to any person, firm, organization or entity of any and every type, public or private, for any reason, at any time, without the prior written consent of each other unless otherwise required to do so by operation of law or legal process. The Parties acknowledge their intention that the provisions of this Paragraph 5 create no liability for disclosures made: (a) prior to its execution, (b) by the Leons in confidence to each other or their attorneys or SDI in confidence to its attorneys, (c) by persons from public information released prior the execution of this Agreement, (d) to enforce the terms of this Agreement, (e) as otherwise required by law, or (f) as to matters already a matter of public record prior to execution. The parties hereto acknowledge that SDI is subject to the securities laws as a publicly-traded company and may therefore be required to disclose all or portions of this Agreement in accordance with applicable securities laws.

The foregoing notwithstanding, the Parties and their respective attorneys, acknowledge the confidentiality provisions of this Paragraph 5 constitute a material inducement of both parties to enter into this Agreement. The Parties are permitted, however, to make confidential disclosures limited to the consideration and settlement amounts set forth in Paragraph I above (hereafter "Permitted Disclosure"), as required, to their spouse, accountants or to governmental authorities. However, each such person so informed shall be bound to the confidentiality provisions hereof with regard to only the subject matter of the Permitted Disclosure, and except as to governmental authorities any breach of this Paragraph 5 by any such person so informed shall constitute a breach by the Parties, as applicable, of Paragraph 5. Should either Party allege a breach, the prevailing party on as to the allegation will be entitled to reasonable attorneys' fees and costs in having to defend or-prosecute the allegation, in addition to such other damages as may have resulted from the violation. Reference requests should be directed to Jan Wallace, SDI's President (or her successor or designee), who will confirm only Mr. Leon's prior employment position with SDI, and dates of employment. date of hire and date of resignation. To the extent that there is a breach of this provision, or if there is any other reference made to a third party as to Mr. Leon which reference adversely impacts Mr. Leon, Mr. Leon reserves any rights and remedies he may have, and will not be limited to breach of this Agreement.

8. **Attorneys' Fees.** If legal proceedings are commenced by any party hereto to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover all of such party's attorneys' fees and costs and expenses of litigation, including any fees and costs incurred in enforcing any resulting judgment or award.

9. **Entire Agreement.** All agreements, covenants, representations and warranties, expressed and implied, oral and written, by each party to this Agreement concerning its subject matter are contained herein. No other agreements, covenants, representations or warranties, expressed or implied, oral or written, have been made by any party to any other party concerning the subject matter of this Agreement. All prior and contemporaneous conversations, covenants and warranties concerning the subject matter of this Agreement are merged herein. This is a fully integrated Agreement.

10. **No Construction Against Drafter.** The Parties agree that each has participated in arriving at the final language of this Agreement and, therefore, this Agreement shall not be construed against any party as the drafter.

11. **All Remedies Available for Breach of the Agreement.** All remedies, including without limitation specific performance, shall be available for a breach of this Agreement.

12. **Counterparts.** This Agreement may be executed in counterparts, and/or by facsimile, and when all the Parties have signed and delivered at least one such counterpart to each other, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one agreement, which shall be binding upon and effective as to the Parties. No original signatures shall be required to establish the validity or authenticity of this Agreement.

13. **Successors.** This Agreement shall be binding on and shall inure to the benefit of the heirs, representatives, administrators, executors, successors and assigns.

14. **Governing Law.** This Agreement shall be construed in accordance with, and shall be governed by, the laws of the State of California.

15. **Severability.** If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such a portion shall be deemed severed from this Agreement, and the remaining portions shall remain in full force as though such invalid or unenforceable provisions or portions had not been a part of this Agreement_

16. **Survival.** The warranties and representations of this Agreement are deemed to and do survive the closing hereof.

17. **Effect of Headings.** Captions of the sections of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be employed to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

18. **Disclaimer of Third Party Beneficial Contract.** By execution hereof, the Parties specifically disavow any desire or intention to create a "third party" beneficiary contract, and specifically declare that no person or entity, save and except for the Parties, their heirs, successors, and assigns, shall have any rights hereunder nor any right of enforcement hereof.

19. **Entry of Judgment.** In the event that the terms of Paragraphs 1 and 2 are not fully performed, the Parties agree that this Agreement shall serve as a written stipulation by the Parties for settlement of the pending Action pursuant to California Code of Civil Procedure section 664.6, and that the Orange County Superior Court, upon motion, may enter judgment pursuant to the terms of the settlement contained in this Agreement. To effectuate that purpose, the Parties specifically request the Orange County Superior Court to retain limited jurisdiction over them and this Agreement.

20. **Notices.** All notices required under this Agreement shall be deemed effective if served by telecopier or, in the option of the sender, by Federal Express or other overnight delivery system, and shall be forwarded to the Parties as follows:

A. If to Plaintiffs Luis Leon and Maria Leon

228 Windward Way Niceville, FL 32578

With a copy to:
c/o Dimitri P. Gross
The Feldhake Law Firm, A Professional Corporation
19900 MacArthur Blvd. Tower II, Suite 850, Irvine,California 92612
Tel: (949) 553-5000
Fax: (949) 553-5098

B. If to Defendant Secured Diversified Investment, Ltd.

Attn: Claire C Ambrosio, Secretary and Agent for Service
5455 Wilshire Boulevard, Suite 1706
Los Angeles, CA 90036

With a copy to:
c/o Joseph R. McFaul, Esq. The Williams Law Firm, PC
100 Bayview Circle
South Tower, Suite 330
Newport Beach, CA 92660-2984
Tel: (949) 833-3088 Fax: (949) 833-3058

Should addresses, facsimile numbers or other identified information change, notice shall be given in accordance with this provision.

21. **Time is of the Essence.** Time is of the essence in the performance of each and every obligation to be performed by the Parties as set forth in this Agreement.

22. **Effective Date.** This Agreement shall be effective as of the date of its complete execution by the last signing party.

EACH OF THE UNDERSIGNED HEREBY DECLARE THAT THE TERMS OF THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE HAVE BEEN COMPLETELY READ AND ARE FULLY UNDERSTOOD, AND BY EXECUTION HEREOF VOLUNTARILY ACCEPT THE TERMS WITH '1HE INTENT TO BE LEGALLY BOUND THEREBY.

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement and Mutual Release as of the date first set forth above.

Dated: May ___, 2006

SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation

By:_____
Name: Jan Wallace

Dated May 31, 2006

By: _____
Luis Leon

Dated May 31, 2006

By: _____
Maria Leon

STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE

(Non-Residential)

AIR Commercial Real Estate Association

July 27, 2006
(Date for Reference Purposes)

1. **Buyer.**
1.1 Harris Insurance or Assignee , ("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close 30 or _____ days after the waiver or expiration of the Buyer's Contingencies. ("Expected Closing Date") to be held by Heritage Escrow Insurance Co. (Janet Tilbury) ("Escrow Holder") whose address is 18377 Beach Blvd., Ste. 210, Huntington Beach, CA 92648, Phone No. 714/861-4065, Facsimile No. 714/961-4075 upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. **Property.**
2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) an approximately 8,658 square foot office building on leased land is located in the City of Newport Beach, County of Orange, State of California, is commonly known by the street address of 5030 Campus Drive and is legally described as: to be provided by First American Title (Peachie Felarca), 5 First American Way, Santa Ana, CA 92707 (714/250-8356 phone) and submitted by Escrow Holder to (APN: _____).

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of _____ ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating, ventilating, air conditioning equipment ("HVAC"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; wall coverings; and N/A (collectively, the "Improvements").

~~2.4 The fire sprinkler monitor ☐ is owned by Seller and included in the Purchase Price, ☐ is leased by Seller, and Buyer will need to negotiate a new lease with the fire monitoring company, or ☐ ownership will be determined during Escrow.~~

2.5 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and all of N/A which shall be removed by Seller prior to Closing.

3. **Purchase Price.**
3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be $1,483,000.00, payable as follows:

(a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price): $_____

~~(Strike if not applicable)~~ ~~(b) Amount of "New Loan" as defined in paragraph 5.1, if any:~~ ~~$_____~~

~~(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)"):~~

~~(i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately: $_____. Said First Note is payable at $_____ per month; including interest at the rate of _____% per annum until paid (and/or the entire unpaid balance is due on _____).~~ ~~(Strike if not applicable)~~

~~(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately: $_____. Said Second Note is payable at $_____ per month; including interest at the rate of _____% per annum until paid (and/or the entire unpaid balance is due on _____).~~

~~(Strike if not applicable)~~ ~~(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property, to secure the promissory note of Buyer to Seller described in paragraph 6 ("Purchase Money Note") in the amount of: $_____~~

Total Purchase Price: $1,483,000.00

INITIALS

INITIALS

3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. **Deposits.**

4.1 ☐ Buyer has delivered to Broker a check in the sum of $ _____, payable to Escrow Holder, to be held by Broker until both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or ☑ Buyer shall deliver to Escrow Holder a check in the sum of $25,000.00 when both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder. When cashed, the check shall be deposited into the Escrow's trust account to be applied toward the Purchase Price of the Property at the Closing. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of $_____ to be applied to the Purchase Price at the Closing.

(b) Within 15 business days after the contingencies discussed in paragraph 9.1 (a) through (k) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of $50,000.00 to be applied to the Purchase Price at the Closing.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "**Deposit**"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer's Federal Tax Identification Number is _____. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

5. **Financing Contingency.** *(Strike if not applicable)*

5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least _____ % of the Purchase Price, at terms reasonably acceptable to Buyer. Such loan ("**New Loan**") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.

5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. **If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within _____ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.**

5.3 If, after due diligence, Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.

~~6. Seller Financing (Purchase Money Note). *(Strike if not applicable)*~~

~~6.1 The Purchase Money Note shall provide for interest on unpaid principal at the rate of _____% per annum, with principal and interest paid as follows: _____~~

~~The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.~~

~~6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):~~

~~(a) *Prepayment.* Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.~~

~~(b) *Late Charge.* A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.~~

~~(c) *Due On Sale.* In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.~~

~~6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.~~

~~6.4 **WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.**~~

7. **Real Estate Brokers.**

7.1 The following real estate broker(s) ("**Brokers**") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

☑ Voit Commercial Brokerage (Zehner/Tomaselli) represents Seller exclusively ("**Seller's Broker**");

☑ Cushman & Wakefield (Sharpe) represents Buyer exclusively ("**Buyer's Broker**"); or

☐ _____ represents both Seller and Buyer ("**Dual Agency**").

The Parties acknowledge that Brokers are the procuring cause of this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the tope of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the Indemnifying Party.

8. **Escrow and Closing.**

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "**Closing**") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance.

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (n), and (o), 9.4, 9.5, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement

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between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall be promptly refunded all funds deposited by Buyer with Escrow Holder, less only Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this Escrow is terminated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to the return of Buyer's deposit, Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. **IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT.** Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (l) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) *Disclosure.* Seller shall make to Buyer, through escrow, all of the applicable disclosures required by law (See AIR Commercial Real Estate Association (**"AIR"**) standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet (**"Property Information Sheet"**) concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) *Physical Inspection.* Buyer has 10 or 30 days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) *Hazardous Substance Conditions Report.* Buyer has 30 or _____ days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A **"Hazardous Substance"** for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A **"Hazardous Substance Condition"** for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has 30 or _____ days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days of the Date of Agreement.

(e) *Governmental Approvals.* Buyer has 30 or _____ days from the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance (**"Title Commitment"**) concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment (**"Underlying Documents"**) to be delivered to Buyer within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to the condition of title. The disapproval of Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) *Survey.* Buyer has 30 or _____ days from the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) *Existing Leases and Tenancy Statements.* Seller shall within 10 or _____ days of the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, **"Existing Leases"**) affecting the Property, and with a tenancy statement (**"Estoppel Certificate"**) in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) *Other Agreements.* Seller shall within 10 or _____ days of the Date of Agreement provide Buyer with legible copies of all other agreements (**"Other Agreements"**) known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

(j) *Financing.* If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(k) *Existing Notes.* If paragraph 3.1(c) has not been stricken, Seller shall within 10 or _____ days of the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, **"Loan Documents"**) to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement (**"Beneficiary Statement"**) confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 or _____ days from the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof.

(l) *Personal Property.* In the event that any personal property is included in the Purchase Price, Buyer has 10 or _____ days from the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 or _____ days of the Date of Agreement.

(m) *Destruction, Damage or Loss.* There shall not have occurred prior to the Closing, a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than $10,000.00 to repair or cure. If the cost of repair or cure is $10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than $10,000.00 to repair or cure, to either terminate this transaction or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than $10,000.00, and Buyer does not elect to terminate this transaction, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(n) *Material Change.* Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. **"Material Change"** shall mean a change in the status of the use, occupancy, tenants, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

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(o) *Seller Performance.* The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(p) *Warranties.* That each representation and warranty of Seller herein be true and correct as of the Closing. Escrow Holder shall assume that this condition has been satisfied unless notified to the contrary in writing by any Party prior to the Closing.

(q) *Brokerage Fee.* Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("**Brokerage Fee**"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (p) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "**Buyer's Contingencies.**"

9.3 If any Buyer's Contingency or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("**Disapproved Item**"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("**Seller's Election**"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the election, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this transaction. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this transaction. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's said Elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 Buyer understands and agrees that until such time as all Buyer's Contingencies have been satisfied or waived, Seller and/or its agents may solicit, entertain and/or accept back-up offers to purchase the Property.

9.5 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or before Closing:

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

(a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.

(b) If applicable, the Beneficiary Statements concerning Existing Note(s).

(c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.

(d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.

(e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.

(f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.

(g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.

(h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

(a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder as immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date.

(b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.

(c) The Assignment and Assumption of Lessor's interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.

(d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.

(e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.

(f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 *Taxes.* Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 *Insurance.* **WARNING:** Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 *Rentals, Interest and Expenses.* Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 *Security Deposit.* Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 *Post Closing Matters.* Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 *Variations in Existing Note Balances.* In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("**Existing Note Variation**"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.

11.7 *Variations in New Loan Balance.* In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 5.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

12. Representation and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 years, and, are true, material and

relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

(a) *Authority of Seller.* Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) *Maintenance During Escrow and Equipment Condition At Closing.* Except as otherwise provided in paragraph 9.1(m) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted. The HVAC, plumbing, elevators, loading doors and electrical systems shall be in good operating order and condition at the time of Closing.

(c) *Hazardous Substances/Storage Tanks.* Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) *Compliance.* Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.

(e) *Changes in Agreements.* Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) *Possessory Rights.* Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) *Mechanics' Liens.* There are no unsatisfied mechanics' or materialmens' lien rights concerning the Property.

(h) *Actions, Suits or Proceedings.* Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) *Notice of Changes.* Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(n)) affecting the Property that becomes known to Seller prior to the Closing.

(j) *No Tenant Bankruptcy Proceedings.* Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

(k) *No Seller Bankruptcy Proceedings.* Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

(l) *Personal Property.* Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.

18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger or by mail, postage prepaid, to the address set forth in this Agreement or by facsimile transmission.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. Communications transmitted by facsimile transmission shall be deemed delivered upon telephonic confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of Newport Beach CA on the date of August 7, 06, it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties).

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING, THIS

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AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF $75,000.00. UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

Buyer Initials Seller Initials

22. ARBITRATION OF DISPUTES. *(This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)*

22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("**COMMERCIAL RULES**"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. ANY SUCH CONTROVERSY SHALL BE ARBITRATED BY 3 ARBITRATORS WHO SHALL BE IMPARTIAL REAL ESTATE BROKERS WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THEY SHALL BE APPOINTED UNDER THE COMMERCIAL RULES. THE ARBITRATORS SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.

22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.

22.3 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Buyer Initials Seller Initials

23. Miscellaneous.

23.1 **Binding Effect.** This Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.

23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located.

23.3 **Time of Essence.** Time is of the essence of this Agreement.

23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

23.5 **Waiver of Jury Trial.** **THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.**

23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange.

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) *Seller's Agent.* A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) *To the Seller:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) *Buyer's Agent.* A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) *Agent Representing Both Seller and Buyer.* A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity,

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honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(d) *Further Disclosures.* Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Brokers have no responsibility with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 *Confidential Information:* Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days. This Agreement shall not be construed as if prepared by one of the parties, but rather according to its fair meaning as a whole, as if both parties had prepared it.

26 Additional Provisions:

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum consisting of paragraphs 27 through 32. (If there are no additional provisions write "NONE".)

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:
1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF THE BUYER IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

BROKER:	BUYER:
Cushman & Wakefield	Harris Insurance or Assignee
Attn: Jeff Sharpe	By:
Title:	Date: Aug 2, 2006
Address: 1920 Main St., Ste. 600	Name Printed: STEVEN E. HARRIS
Newport Beach, CA 92614	Title: PRESIDENT
Telephone:(___)	Telephone:(949 417 4491)
Facsimile:(___)	Facsimile:(949 417 3544)
Email:	
Federal ID No.	By:
	Date:
	Name Printed:
	Title:
	Address:
	Telephone:(___)
	Facsimile:(___)
	Email:

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Federal ID No. _____

27. Acceptance.

27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

27.2 Seller acknowledges that Brokers have been retained to locate a Buyer and are the procuring cause of the purchase and sale of the Property set forth in this Agreement. In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in accordance with a separate agreement ~~a sum equal to _____% of the Purchase Price divided in such shares as said Brokers shall direct in writing~~. This Agreement shall serve as an Irrevocable Instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.

27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

BROKER:

Voit Commercial Brokerage

Attn: Mitch Zehner / Louis J. Tomaselli
Title: Senior Vice Presidents
Address: 3500 W. Orangewood Ave.
Orange, CA 92868-1642
Telephone:(714) 978-7880
Facsimile:(714) 978-8329
Email:MZehner@voitco.com
Federal ID No. _____

SELLER:

Diversified Commercial Brokers, LLC

By: Jan Wallace
Date: Aug 27, 06
Name Printed: ~~James Brondyke~~ JAN WALLACE
Title: President
Telephone:(480) 656-4536
Facsimile:(480) 656-4701

By: _____
Date: _____
Name Printed: _____
Title: _____
Address: 5030 Campus Drive
Newport Beach, CA 92660
Telephone:(___) _____
Facsimile:(___) _____
Email: _____
Federal ID No: _____

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Addendum to Standard Offer, Agreement and Escrow Instructions For Purchase of Real Estate

By and Between Harris Insurance and/or Assignee (as Buyer) and

Diversified Commercial Brokers, LLC (as Seller)

Dated July 27, 2006

The promises, covenants, agreements and declarations made and set forth herein are intended to and shall have the same force and effect as is set forth in the body of the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate to which this Addendum is attached (the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate and this Addendum are collectively referred to as this "Purchase Agreement"). References to Paragraphs in this Addendum shall be to Paragraphs as set forth in the body of the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate. To the extent that the provisions of this Addendum are inconsistent with the terms and conditions of the body of the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate the terms of this Addendum shall control.

27. **Proration of Costs**: At the close of escrow, Seller shall pay the cost of the Owner's CLTA Policy of Title Insurance, all documentary transfer taxes, recording fees, and 50% of the escrow fees. Buyer shall be responsible for fifty percent (50%) of the escrow fees and all costs to provide an updated ALTA survey if desired, the ALTA Title Policy Premium and any endorsements. Each party shall pay its own fees and expenses for attorneys and consultants. All other costs and expenses will be allocated between Buyer and Seller in a manner customary in Orange County to be further defined within the Contract.

28. **Initial Deposit**: $25,000 (Twenty-five Thousand Dollars) upon opening of escrow. 37 TH

29. **Contingencies to Closing**: Buyer shall have the first thirty (30) days from the Opening Date as a contingency period ("Contingency Period") in which to perform any and all of its due diligence, including but not limited to the investigation and review of feasibility studies, financing, appraisal reports, environmental reports and building plan inspection reports, and any other investigations or reviews that Buyer deems necessary or desirable in its sole discretion (the "Due Diligence Period"). During the Due Diligence Period Buyer may cancel escrow for any cause in its sole discretion, by giving written notice to escrow, and Buyer's Twenty-five Thousand Dollar ($25,000) deposit shall be fully refundable to Buyer less any cancellation costs charged by the escrow company.

    On the thirty-first (31st) day, if Buyer has not notified escrow holder in writing that it has approved, disapproved or waived all contingencies, it shall be conclusively presumed all contingencies are approved and Buyer's Twenty-five Thousand Dollars ($25,000.00) deposit shall be increased by Fifty Thousand Dollars ($50,000) and the total deposit shall become non-refundable liquidated damages with no further instructions by Buyer or Seller. The total Seventy-Five Thousand Dollars ($75,000) deposit shall be applicable towards the purchase price at the closing date of escrow. 38TH

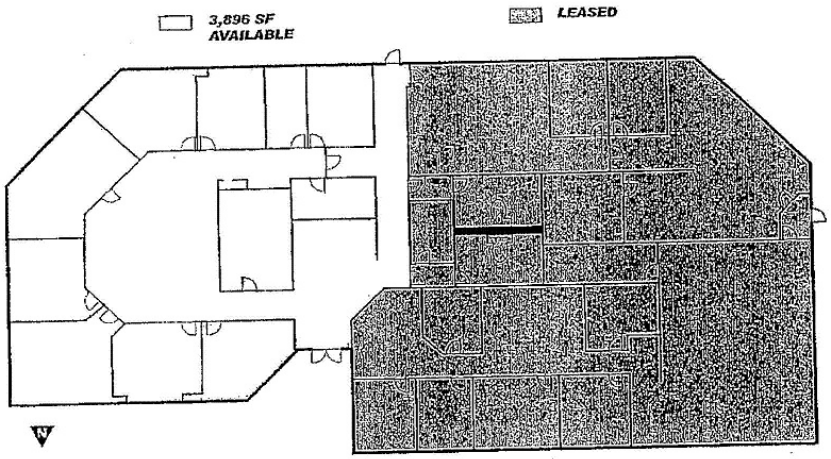
30. **Due Diligence Materials**: Seller shall provide to Buyer upon execution of the Contract, any and all due diligence materials contained in Seller's files. (Building plans, CC&R's, Association Budget, Title Report)

31. **Right to Enter**: Seller shall permit Buyer and its agents, the right to enter upon the property on reasonable notice during the Due Diligence Period for purposes of conducting inspections, environmental survey and appraisals necessary for its due diligence. Buyer shall indemnify and hold Seller harmless from any damages resulting from such entry.

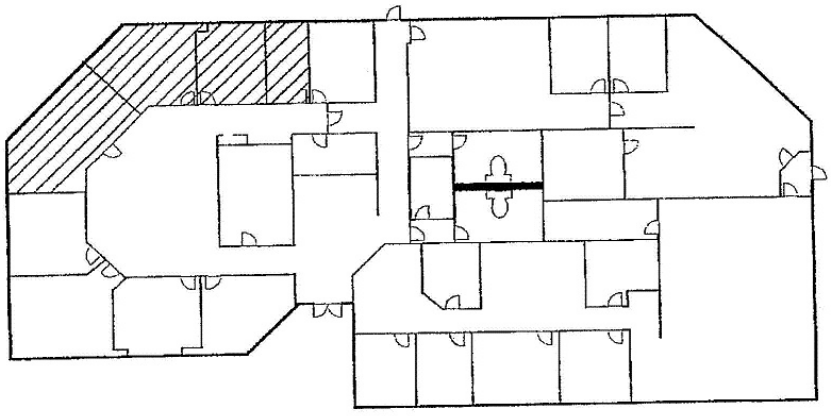
32. **Partial Leased Premises**: Buyer acknowledges that the Premises is partially leased (approximately 4,672 square feet) on leases per rent roll provided, and acknowledges that 3,896 square feet will become vacant on or around the Close of Escrow. Of the 3,896 square feet to be vacated, 3 office suites need to remain occupied by the current tenants for a period of 120 days from close of escrow. These suites total approximately 917 square feet and are identified as Exhibit "B" attached. The space to be vacated is currently occupied by several attorneys.

Initial

"EXHIBIT A"



"Exhibit B"



BRANCH MANAGER AGREEMENT

THIS "AGREEMENT" is made and entered into by and between Americash, a California corporation ("Employer") and Jan Wallace ("Employee").

RECITAL

A. Employer is a California corporation, which provides financial services.

B. Employer and Employee desire to enter into this Agreement to establish the terms and conditions of Employee's employment as a branch manager as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premise, as well as the promises, covenants and conditions set forth herein, the parties agree as follows:

1. Employment: Employer hereby employs Employee in the capacity of Branch Manager of Employer's offices located at 12202 N. Scottsdale Road, Phoenix, AZ 85254. Employee accepts such employment. Employee's job duties and responsibilities, to be performed with the approval and concurrence of the President of Employer are as follows:

A. Manage and supervise the operations of the Branch in general;
B. Hire, terminate and supervise employees of the Branch;
C. Supervise and implement general marketing strategies for the Branch in accordance with Employer's general plans and policies; and
D. Generate and process loans in accordance with Employer's general plans and policies and in compliance with Employer's underwriting standards.

Such duties may be curtailed, augmented or modified from time to time as deemed mutually agreeable to Employee and Employer. Employee will at all times perform his job duties in an honest and ethical manner and will, at a minimum, comply with the provisions of any and all state or federal statutes, laws, rules or regulations applicable to Employer or of any requirement of any federal or state agency having jurisdiction over Employer including but not limited to the United States Department of Housing and Urban Development.

Employee acknowledges and agrees that Employee will devote his utmost knowledge and best skill to the performance of his duties and will devote his full business time to the rendition of such services. Employee will not engage in any other gainful occupation, including but not limited to marketing, distribution or development of any products related to the real estate loan industry which requires his personal attention without prior written consent of the President of Employer ("President"). Americash is aware that Jan Wallace is CEO of SDI.

1.1 Employees of Branch Managers. Any and all Employees hired by Branch Manager shall have completed a "new hire employee package". This package shall be submitted to Americash's corporate office. **All prospective employees shall be first approved by Americash prior to employment. No individual is permitted to become an employee without corporate approval.** Americash agrees that approval to hire shell

not be unreasonably withheld and that a response will be provided to Branch Manager within 3 days of receipt of the prospective employee's information at Americash's corporate office. All agreements for compensation or other agreements made with prospective employees shall be first approved by Americash. With the permission of the main office, Branch Managers may choose to hire an employee(s) to assist with their needs. Prior to hiring any employee, the necessary new hire paperwork and background checks must be completed and received by the main office. It will be the responsibility of the Branch Manager to provide the necessary funds to cover the wages and employer taxes of any persons working under them. Should any Branch Manager fail to maintain the required branch reserves, their employee(s) may be terminated and any pay due to the employee(s), exceeding the account balance, will be deducted from the Branch Manager's next loan funding. A commission paid position (i.e. loan officer) does not require a reserve or deposit by the Branch Manager provided that the commissioned employee is paid upon funding. ALL compensation agreements are to be in writing and included in new employee package to be reviewed by Americash's corporate office. Americash will provide the Branch Manager with 2 day's prior written notice of the failure to maintain the required branch reserves before any employee(s) are terminated.

2. Uniqueness of Employee's Services. Employee hereby represents and agrees that the services to be performed by him under this Agreement are of special, unique, unusual, extraordinary and intellectual character which gives them a particular and peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action at law. Employee, therefore, expressly agrees that Employer, in addition to any other rights or remedies which Employer may possess, shall be entitled to injunctive and other equitable relief to prevent a breach of this Contract by Employee.

3. At-Will Employment. Employee and Employer understand and expressly agree that Employee's employment may be terminated by Employer or by Employee at any time, with or without notice and with or without cause. Employee and Employer expressly agree that this provision is intended by Employee and by Employer to be the complete and final expression of their understanding regarding the terms and conditions under which Employee's employment may be terminated. Employee and Employer further understand and agree that no representation contrary to thus provision is valid, and that this provision may not be augmented, contradicted or modified in any way, except by a writing signed by Employee and by the President.

4. Compensation. As compensation for the services to be rendered by Employee hereunder, Employer shall pay Employee pursuant to the schedule attached hereto as Schedule "A", less withholding for state and federal taxes and employee portions of FICA and SDI. Any fees from loans generated by Employee prior to Employee's termination with Employer, but which loans close after, but within thirty (30) days of Employee's termination, for whatever cause, will be paid to Employee, according to the schedule referenced above in this subparagraph. The payment of commissions to Employee shall be subject to the following provisions:

4.1 Deduction of Expenses. Employee authorizes Employer to deduct from any commissions due at termination of this Agreement all financial obligations owed to Employer that are imposed by the terms of this Agreement, including, but not limited to, past due fees, dues, late charges and expenses of commission payable to Employee. All outstanding balances due Employer shall be applied first to unpaid fees, dues and licenses, then to miscellaneous shared expenses and then to personal expenses.

4.2 Commission Split on Termination. In the event Employee leaves and has transactions pending that require further services normally rendered by Employee, Employer shall make arrangements with another person in the employ of Employer to perform the required services, and the new person assigned shall be compensated for completing the details of pending transactions and such compensation shall be deducted from the terminated Employee's share of the commission.

4.3 Split Commissions. In the event Employee participates in such work with another employee of Employer, Employee's share of the commission shall be divided between the participating persons according to the agreement between them, or by arbitration.

4.4 Receipt of Commissions. All commissions will be received by Employer. Employee's share of such commissions, however, shall be payable to Employee on the normal payroll cycle (15^{th} and 31st of the month) for loans funded through closing of the prior payroll cycle (i.e. loans funding from 7/1 to 7/15 are paid on 7/31 payroll and loans funding from 7/16 to 7/31 are paid on ^{8}/15 payroll).

4.5 Non-Liability for Uncollected Commissions. In no event shall Employer be liable to Employee for Employee's share of commissions not collected, nor shall Employee be entitled to any advance or payment from Employer upon future commissions.

4.6 Amount of Commissions. Employer's usual and customary commissions from time to time in effect, shall he charged to the parties for whom services are performed except that Employer may agree in writing to other rates with such parties. Employer will advise Employee of any special commission rates made with respect to listings or borrowers as provided in this paragraph. When Employee shall have performed any work hereunder whereby any commission shall be earned and when such commission shall have been collected, Employee shall receive a commission in accordance with the current commission schedule set forth in Employer's written policy and agreed to by Employee based upon commissions actually collected from each loan that is funded as per Schedule "A". In consideration therefore, Employee agrees to and does hereby contribute all right and title to such borrowers to Employer for the benefit and use of Employer.

5. Employer's Policies and Regulations. Employee agrees to comply with Employer's policies and regulations, including those set forth in Employer's policies and procedures manual,

if any, and any subsequent amendments or additions thereto and Employer's underwriting standards for loans and any amendment or additions thereto. In the event of any conflict between those policies and regulations and this Agreement, the terms of this Agreement shall govern,

6. Solicitation of Employees or Customers. The non-solicitation covenants contained in paragraph 6 will be mutually binding on the Employer and Employee. Neither Employer nor Employee shall solicit their respective employee(s), independent contractor(s), or customer(s) as described below, provided that nothing herein will restrict the rights of subsequent purchasers of closed loans to solicit their servicing portfolio.

6.1 Information About Other Employees and Independent Contractors. Employee will be called upon to work closely with employees and independent contractors of Employer in performing services under this Agreement. All information about such employees and/or independent contractors which becomes known to Employee during the course of his employment with Employer, and which is not otherwise known to the public, including compensation or commission structure, is a Trade Secret of Employer, as defined below, and will not be used by Employee in soliciting employees and/or independent contractors of Employer at any time during or after termination of his employment with Employer.

6.2 Solicitation of Employees and Independent Contractors Prohibited. During Employee's employment and for two years following the termination of Employee's employment, Employee will not, directly or indirectly ask or encourage any employee(s) and/or independent contractor(s) of Employer to leave their employment with Employer, solicit any employee(s) and/or independent contractor(s) of Employer for employment, make any offer to compensate any employee or independent contractor of Employer as an employee, independent contractor or otherwise, or retain any employee or independent contractor of Employer as an employee, independent contractor or otherwise.

6.3 Solicitation of Customers Prohibited. For a period of two years following the termination of Employee's employment, Employee will not, directly or indirectly, solicit the business of any of Employer's customers.

7. Further Restrictive Covenants. The Trade Secrets covenants contained in paragraph 7 will be mutually binding on the Employer and Employee. Neither Employer nor Employee shall make improper use or disclosure of their respective Trade Secrets. Disclosure of Trade Secrets to someone who is not an employee of Employer must first be authorized in writing by the President on behalf of Employer or by the Branch Manager on behalf of Employee.

7.1 Trade Secrets. During the course of Employee's employment, Employee will have access to various trade secrets of Employer. A "Trade Secret" is information which is not generally known to the public and, as a result, is of economic benefit to Employer in the conduct of its business. Employee and Employer agree that Trade Secrets include, but are not limited to, all information developed or obtained by Employer and comprising the following items, whether or not such items have been reduced to

tangible form (e.g. physical writing) all methods, techniques, processes, ideas, research and development, trade names, service marks, slogans, forms, customer lists, pricing structures, menus, business forms, marketing programs and plans, layouts and designs, financial structures, operational methods and tactics, cost information, the identity of or contractual arrangements with suppliers, the identity or buying habits of customers, accounting procedures, and any document, record or other information of Employer relating to the above. Trade Secrets include not only information belonging to Employer which existed before the date of this Agreement, but also information developed by Employee for Employer or its employees during the term of this Agreement and thereafter.

7.2 Restriction on Use of Trade Secrets. Employee agrees that his use of Trade Secrets is subject to the following restrictions during the term of the Agreement and for an indefinite period thereafter so long as the Trade Secrets have not become generally known to the public:

7.2.1 Non-Disclosure. Employee will not publish or disclose, or allow to be published or disclosed, Trade Secrets to any person who is not an employee of Employer unless such disclosure is necessary for the performance of Employee's obligations under this Agreement. Disclosure to someone who is not an employee of Employer must first be authorized in writing by the President.

7.22 Use Restriction. Employee will use Trade Secrets only for the limited purpose for which they were disclosed. Employee will not disclose any Trade Secrets to any third party (including subcontractors) without first obtaining Employer's written consent and will disclose Trade Secrets only to Employer's own employees having a need to know, Employee will promptly notify Employer of any Trade Secrets improperly or prematurely disclosed.

7.23 Non-Removal. Employee will not remove any Trade Secrets from the offices of Employer or the premises of any facility in which Employer is performing services, or allow such removal, unless permitted in writing by the President.

7.2.4 Surrender Upon Termination. Upon termination of his employment with Employer for any reason, Employee will surrender to Employer all documents and materials in his possession or control which contain Trade Secrets.

8. Unfair Competition, Misappropriation of Trade Secrets and Violation of Solicitation Clauses. Employee and Employer acknowledge that unfair competition, misappropriation of Trade Secrets or violation of any of the provisions contained in paragraphs 6 or 7 would cause irreparable injury, that the remedy at law for any violation or threatened violation thereof would be inadequate, and that Employer or Employee will be entitled to temporary and permanent injunctive relief without the necessity of proving actual damages. Employee and Employer agree that temporary and permanent injunctive or other equitable relief will be available in a court of law regardless of the arbitration provision set forth in this Agreement.

9. Disclosure to Subsequent Employers. Employee agrees to make any subsequent employer aware of all obligations in paragraphs 6 and 7 of this Agreement.

10. Representation Concerning Prior Agreements. Employee represents to Employer that he is not bound by any non-competition or non-solicitation agreement that would preclude, limit or in any manner affect his employment with Employer. Employee further represents that he can fully perform the duties of his employment without violating any obligations he may have to any former employer, including but not limited to, misappropriating any proprietary information acquired from a prior employer and agrees that he has not and will not misappropriate any proprietary information acquired from any prior employer. Employee agrees that he will indemnify and hold Employer harmless from any and all liability and damage, including attorneys' fees and costs, resulting from any breach of this provision.

11. Conflict of Interest. Employee acknowledges that the obligations of the Employee are special and unique. Employee agrees that he will not at any time during the term of employment serve as an officer, director, employee, or otherwise have an interest in any entity that engages in business similar to that of Employer and Employer's subsidiaries. This provision does not apply to stock ownership in a publicly traded company.

12. Limitations on Authority. Without the express written consent from the President, Employee has no authority to:

a) Pledge the credit of Employer or any of its other employees;
b) Release or discharge any debt in excess of $100.00 due to Employer unless the Employer has received the full amount thereof; and
c) Sell, mortgage, transfer or otherwise dispose of any non-inventory assets of the Employer which have a fair market value in excess of $100.00

13. Personnel Policies and Procedures. Employer has the authority to establish from time to time personnel policies and procedures to be followed by its employees. Employee agrees to comply with the policies and procedures of the Employer. To the extent any provisions in Employer's personnel policies and procedures differ with the terms of this Agreement, the terms of this Agreement apply. In no case will any personnel policies or procedures be deemed to contradict the at-will employment provision in this Agreement.

14. Automobile. Employee will, at his own expense, procure an automobile for any use in traveling and making calls on clients and prospective clients. Employee agrees to indemnify and hold Employer harmless from any claims arising out of or relating in any way to the operation or use of that automobile by Employee. Furthermore, Employee will at all times during the term of his employment keep in full force and effect, at his sole expense, a policy of automobile insurance on each automobile used by him at any time to carry out any of the duties of his employment.

15. Processing. Branch offices may have their own processing approved by Americash. Loan officers may not process loans they originate. If the Branch Manager chooses to have the loan file processed by Americash's corporate office, there will be an additional $395.00 assessed for each loan funding. Americash in its sole discretion may choose not to process a Branch Manager's loan file. Cause for this could be poor quality of loan file or a high percentage of fall out of the Branch Manager's loan files. This shall be the fee for all loans up to $500,000.00. Any loan amounts above $500,000.00 or construction loans or commercial loans shall be charged $495.00 per loan file processed and funded. Should Americash's corporate office choose to have non-branch loan tiles processed by the branch office, the same fee schedule would apply.

16. Loan Register. Employee hereby agrees to maintain a ledger reflecting the status of all loans held or currently in process by Employee's branch and to forward this register weekly to Employer via facsimile or e-mail transmission.

17. Advertising. No advertising in any form is to be used by Employee prior to written approval from Employer.

18. Accounts. No savings, checking, investment or other accounts may be established by Employee in the name of Employer or in any name similar to that of Employer. The determination as to similarity of names is within the sole discretion of Employer.

19. Loan Repurchase/Post Settlement Adjustments/Premium Recapture. If, as result of the representations and/or documentation provided by the Employee or an Employee of the Employee, Americash is required to repurchase a loan or pay settlement costs on a loan to a lender. Americash reserves the right to deduct these costs and any expenses associated with them, such as attorney's fees, from the branch's operating account. Americash will provide the Branch Manager with written notice at least 2 day's prior to acting on any requests Americash may receive to repurchase a loan or pay settlement costs on a loan to a lender.

If a lender requires Americash to reimburse any fees collected on a loan funding in which the Branch Manager or an Employee of the Branch was the originating party, Americash will reserve the right to pay such fees from the operating income of the respective branch. The Branch Manager is advised that may lenders prohibit the re-solicitation of closed loans within certain time frames and the Employee will be responsible for any monies required to be paid back to the lender. You may obtain a copy of a lender's agreement with Americash through the corporate office.

20. Company Fees. There will be an amount of $595.00 plus 0.25% of the total loan amount retained by the company on each loan funding. In the event that the funding is less than what is necessary to cover company fees, the Branch Manager will be responsible for payment to Americash immediately.

21. Investor Fees. There will be an amount per the attached Schedule "A" retained by Americash on each loan funding that will vary by Investor. In the event that the funding is less than what is necessary to cover company and investor fees, the Branch Manager will be

responsible for payment to Americash immediately. Americash will waive collecting Investor Fees for branch loans closed on a monthly basis after the first $2,000,000.

22. Reserves. There will be a cash reserve established for each branch operation. This reserve will be set aside from the profits of the operations to offset any future short falls in operational expenses. The amount of this reserve will vary based upon the branch's fixed expenses. The amount will be predetermined by the corporate office and the branch manager and may vary in the future based upon changes in cost structure, staff, cash flow, etc. The initial cash reserve for branch operational expenses will be $10,000. The branch cash reserve amount will be reviewed on a quarterly basis beginning 9/30/06 and re-set to an amount approximating 50% of the branch's monthly fixed expenses for the subsequent quarter.

23. Appraisals. All appraisals are to be paid COD by the borrower or loan officer at the time of inspection. The loan officer is personally responsible for payment of appraisal. The loan officer shall in no way, shape, or form obtain credit from any vendor on behalf of Americash. If a Branch Manager is to have outstanding appraisal bills he/she shall pay them immediately.

24. Credit reports. Americash will direct Branch Manager on setting up an account to pull credit reports. Branch Manager will be responsible for any and all charges incurred. Branch Manager will be responsible for assuring all consumer credit information is safe guarded from unauthorized disclosure and is used for authorized purposes only.

25. Branch Audits. It is the responsibility of the Branch Manager to keep branch in compliance with all state and federal law. It will be the responsibility of the Branch Manager to pay any fines or fees that may arise from an audit or inquiry by any governing institution into their branch.

26. GeneralProvisions.

26.1 Continuing Obligations. Neither the termination of Employee's employment nor the termination of this Agreement shall affect any rights or obligations accruing prior thereto or any continuing obligations of the parties hereunder.

26.2 Notice. Any notice, request, instruction or other document to be given hereunder shall be in writing and shall be deemed to have been given when delivered personally, or when mailed, postage prepaid, addressed to the party to be given notice as follows:

To Employer: Americash
at: 450 Apollo Street, Suite E
Brea, CA 92821

Attn: Paul Giangrande

To Employee: Jan Wallace
at: 12202 N. Scottsdale Road
Phoenix, AZ 85254

26.3 Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing or implied in fact, between the parties hereto with respect to the employment of Employee by Employer, and contains all of the covenants and agreements between the parties with respect to that employment. Each party to this Agreement acknowledges that, with respect to employment, no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding,

26.4 Modifications. Any modification of this Agreement will be effective only if it is in a writing that (i) is signed by both parties; (ii) specifically references this Agreement and (iii) specifically expresses an intent by both parties to modify this Agreement.

26.5 Effect of Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

26.6 Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way. Employee acknowledges and agrees that Employer has no duty or obligation to employ Employee at any time after expiration of this Agreement.

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

26.8 Arbitration. Employee and Employer hereby agree that any controversy between Employer and Employee arising from the employment relationship or termination thereof, including the construction or application of any of the terms of this Agreement, claims for statutory violations, including discrimination or harassment, and claims for wages or other compensation, will, on the written request of Employee or Employer be submitted to arbitration in Orange County, California and be governed by the California Arbitration Act as set forth in the California Cade of Civil Procedure to the extent permitted by law.

27. Acknowledgement. Employee acknowledges that (s)he has had the opportunity to consult with independent counsel of his(her) own choice concerning this Agreement, and that (s)he has taken advantage of that opportunity to the extent that (s)he desires. Employee further acknowledges that (s)he has read and understands this Agreement, is fully aware of its legal effect, and has entered into it voluntarily based on his(her) own judgment.

Executed on July 19, 2006 at Brea, California

By: Employer: Americash, a California corporation

By: /s/ Paul Giangrande
Paul Giangrande
Its: President

By: Employee:

/s/ Jan Wallace
Jan Wallace

Schedule "A" to Branch Manager Agreement

7/24/2006

Branch Manager Compensation

The Branch Manager will receive a commission equal to 100% of the Lender Fees collected at closing less the Americash Corporate Fees set forth below, less any investor discount or plus any investor yield spread premium as set forth in the Americash rate lock, and less employers matching taxes, and workman's compensation (if applicable). Inquire with accounting department for exact figures and see example break down_ These monies will be dispersed on the normal payroll cycle (15th & 31st) by Americash as long as the closing package is complete and in compliance with state and federal law. Should Americash, at its sole discretion, determine that the loan terms delivered deviate from the loan terms locked, a post closing adjustment may be made to reflect pricing based on the actual loan terms delivered.

Americash Corporate Fees

Company Fees:	0.25% of the funded lean amount plus $595.00
Investor Fees:	Loan Purchase fees charged by investor to purchase subject loan (see current Investor Fee Schedule below)

Investor Fee Schedule	Amount
Americash Conforming	0.00 FNMA fixed products
Citifinancial Wells Fargo	10.00 "Cherry" product
Morgan Stanley	0.00 "Walnut" product
RFC	0.00 Option & Option Plus products
HSBC	80.00 (1st only)
Countrywide	279.00 (1st only)
New Century	380.00 (1st only)
Long Beach	375.00 (1st only)
	104.00 (1st only)

Employee Acknowledgement: /s/ Jan Wallace

/s/ Paul Giangrande

Paul Giangrande, President

BRANCH COMMISSION FUNDING FORM

Date: File Name: Loan Number:

Branch Manager: _____ Loan Officer:_____

Best Person to Contact: _____ Phone Number**:**_____

A. GROSS CHECK AMOUNT OR LENDER FEES DUE AT CLOSING $_____

B. (Discount) or Premium due on Sale:_____% x $_____ = $_____
(LOAN AMOUNT)

C. SUBTOTAL GROSS LENDER FEES: (A+B) $ _____

AMERICASH CORPORATE : 0.25% x $_____ = $ _____
Company Fee $ _____
Investor Fee $ _____
Processing Fee $ _____
Same Day Pay Fee $ _____

D. SUB-TOTAL AMERICASH CORPORATE FEES: $ _____

E. AMERICASH BRANCH OPERATING ACCOUNT (C+D) $_____

F. Loan Officer Commissionable $_____x_____% = LO Pay $_____

G. Other Authorized Pay Outs per attached. $_____

H. BALANCE TO BRANCH MANAGER (E-F-G) $ _____

AUTHORIZED PAY-OUTS

FOR CORPORATE USE ONLY:
Net Check:
$ _____

_____

Direct Deposit
_____

1. PAYS $ _____TO_____
SIGNATURE _____

2. PAYS $ _____TO_____
SIGNATURE _____

3. PAY $ _____ TO_____
SIGNATURE _____

By signing this pay form, I agree that I am receiving my full compensation on the above funded file from Americash.

ASSIGNMENT OF RIGHTS AGREEMENT

This Assignment of Rights Agreement (the "Assignment") is effective as of this 19th day of July 2006, by Jan Wallace, a resident of the State of Arizona, to and in favor of Secured Lending, LLC, a Nevada limited liability company (the "Company").

WHEREAS, Jan Wallace ("Wallace") entered into that certain Branch Manager Agreement (the "Branch Agreement") with Americash, a California corporation, also dated July 19, 2006; and

WHEREAS, Wallace entered into the Branch Agreement as a principal of Company in furtherance of the Company's business plan to engage in the mortgage banking industry; and

WHEREAS, this Assignment is meant to memorialize Wallace's assignment of those rights under the Branch Agreement for the benefit of the Company;

NOW THEREFORE, for full and adequate consideration, including one ($ 1.00) dollar and other good and valuable consideration, the receipt of which is hereby acknowledge, the parties hereby represent, covenant, agree and acknowledge as follows:

Section 1 (Assignment of Rights). Any and all rights to compensation under that certain Branch Agreement dated July 19, 2006 (attached hereto as Appendix A), including after-acquired rights, are and shall be the exclusive property of the Company and Wallace shall not have, nor claim to have, any right, title or interest therein or thereto in such capacity. All opportunities in connection with the Branch Agreement, whether or not involving third parties, shall belong to and be carried out for the account of the Company. Wallace shall from time to time execute and deliver such additional instruments of transfer as may be requested by the Company to confirm such transfer to the Company. Notwithstanding anything to the contrary, Wallace does not delegate and the Company does not assume any of Wallace's obligations to perform under the Branch Agreement.

Section 2 (No Defaults). Wallace represents that the execution, delivery and performance of this Assignment and the consummation of the transactions contemplated herein will not:

- Conflict with or result in a breach, default or violation of the Branch Agreement (other than Sections 7 and 11 of the Branch Agreement described in Section 3 of this Assignment);
- Conflict with or result in a breach, default or violation (with due notice or lapse of time or both) of any material agreement to which the Company is a party; or
- Require the Company to obtain or make any waiver, consent, action, approval, clearance or authorization of, or registration, declaration or filing with, any governmental authority, which has not been obtained, made or waived.

Section 3 (Consents). No later than 30 days from the execution of this Assignment, Wallace agrees to secure, on behalf of the Company, the following from the President or proper authority of Americash: (1) a consent for the Company to access the proprietary information of Americash, described in Section 7 of the Branch Agreement, for the limited purpose to permit Wallace to perform her duties under the Branch Agreement while maintaining her fiduciary responsibilities as officer and director to Secured Diversified Investment, Ltd., the Company's sole owner and manager; (2) a waiver of the conflict of interest provided in Section 11 of the Branch Agreement to allow Wallace to serve as a director and officer of Secured Diversified Investment, Ltd., the owner and manager of the Company, which intends engage in the mortgage banking industry; and (3) any other consent or waiver necessary to avoid a default, breach or violation of the Branch Agreement. In connection with the foregoing, the Company agrees in advance to execute and deliver to Americash any reasonable restrictive covenants to the nature and extent Wallace is already bound by under the Branch Agreement, including the non-solicitation provisions of Section 6 and the covenants made in Section 7 pertaining to the proper use of trade secrets.

Section 4 (Limited Indemnification). Inasmuch as Wallace performs her duties under the Branch Agreement in good faith and for the benefit of the Company and further obtains the consents/waivers required in this Section 3 of the Assignment, the Company agrees to indemnify Wallace in connection with any default, breach or violation of the Branch Agreement absent a finding of intentional misconduct, fraud or knowing violation of the law.

Section 5 (Miscellaneous). This Assignment constitutes the entire agreement among the parties. All negotiations, proposals, modifications and agreements prior to the date hereof among parties are merged into this Assignment and are superseded hereby. There are no other terms, conditions, promises, understandings, statements, or representations, express or implied, among the parties unless set forth in writing and signed by the parties. This Assignment shall be construed in accordance with the law of the State of Nevada, and the parties hereto agree that Clark County, Nevada, shall be the exclusive venue of any action which may be filed with respect to this Assignment.

In witness hereof, the parties have executed this Assignment on August 16, 2006, to be effective on the date first written above.

Secured Lending, LLC

_____ _____

By: Jan Wallace

Its:

Agreement

THIS "AGREEMENT" is made and entered into by and between Secured Lending, a Arizona corporation. and Dakota First, LLC., a North Dakota Company.

RECITAL

A. Secured Lending is a Arizona corporation, which provides financial services.

B. Secured Lending and Dakota First desire to enter into this Agreement to establish, the terms and conditions of Secured Lending and Dakota First as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premise, as well as the promises, covenants and conditions set forth herein, the parties agree as follows:

1. Employment: Secured Lending hereby contracts Dakota First in the capacity of loan origination of Secured Lending offices located at 12202 N. Scottsdale Road, Phoenix , AZ 85254. Dakota First accepts such agreement. Dakota First's job duties and responsibilities, to be performed with, the approval and concurrence of the President of secured Lending are as follows:

A. Generate and process loans in accordance with Secured. Lending's general plans and policies and in compliance with Secured Lending's underwriting standards.

Such duties may be curtailed, augmented or modified from time to time as deemed mutually agreeable to Dakota First and Secured Lending. Dakota First will at all times perform their job duties in an honest and ethical manner and will, at a minimum, comply with the provisions of any and all state or federal statutes, laws, rules or regulations applicable to Secured Lending or of any requirement of any federal or state agency having jurisdiction over Secured Lending including but not limited to the United States Department of Housing and Urban Development.

Dakota First acknowledges and agrees that Dakota. First will devote their utmost knowledge and best skill, to the performance of their duties.

2. At-Will Employment. Dakota, First and Secured Lending understand and expressly agree that Dakota Firsts agreement may be terminated by Secured Lending or by Dakota First at any time, with or without notice and with or without cause. Dakota First and Secured Lending expressly agree that this provision is intended by Dakota First and by Secured Lending to be the complete and final, expression of their understanding regarding the terms and conditions under which Dakota First's agreement may be terminated. Dakota First and Secured Lending further understand and agree that no representation contrary to this provision is valid, and that this provision may not be augmented, contradicted or modified in any way, except by a writing signed by Dakota First and Secured Lending

3. Compensation. As compensation for the services to be rendered by Dakota First

hereunder, Secured Lending shall pay Dakota First pursuant to the schedule attached, hereto as Schedule "A". Any fees from Loans generated, including loans in the pipeline and prequalifications, by Dakota First prior to Dakota First's termination with Secured Lending, but which loans close after, for whatever cause, will be paid to Dakota First, according to the schedule referenced above in this subparagraph.. The payment of commissions to Dakota First shall be subject to the following provisions:

3.1. Deduction of Expenses. Dakota First authorize Secured Lending to deduct from any commissions due at termination. of this Agreement all financial obligations owed to Secured. that are imposed. by the terms of this Agreement, including, past due fees, dues, late charges and expenses of commission payable to Dakota First.

3.2 Receipt of Commissions. All commissions will be received by Secured Lending. Dakota First's share of such commissions, as outlined in schedule "A", however, shall be payable upon the funding of each loan

3.3 Non-Liability for Uncollected Commissions. In no event shall Secured Lending be liable to Dakota First for Dakota First's share of commissions not collected, nor shall Dakota First he entitled to any advance or payment from Secured Lending upon future commissions.

4. Employer's Policies and Regulations. Dakota First will comply with policies and regulations, including those set forth in Secured Lending's , policies and procedures manual, if any, and any subsequent amendments or additions thereto and Secured Lending's underwriting standards for loans and any amendment or additions thereto. In. the event of any conflict between those policies and regulations and. this Agreement, the terms of this Agreement shall govern,

5. Solicitation of Employees or Customers. The non-solicitation covenants contained in paragraph 5 will be mutually binding on the Secured Lending and Dakota First.

5.1 Information About Other Employees and Independent Contractors. Dakota First will be called upon to work closely with employees and independent contractors of Secured Lending in performing services under this Agreement. All information about such employees and/or independent contractors which becomes known to Dakota First during the course of their agreement with Secured Lending, and which, is not otherwise known to the public, including compensation or commission structure, is not tolerated.

6. Further Restrictive Covenants. The Trade Secrets covenants contained, in paragraph 6 will be mutually binding on the Secured Lending and Dakota First. Neither Secured Lending nor Dakota First shall make improper use or disclosure of their respective Trade Secrets. Disclosure of Trade Secrets to someone who is not an employee of Secured Lending must first be authorized in writing by the President on behalf of Secured Lending or by the Branch Manager on behalf of Dakota First.

6.1 Trade Secrets. During the course of Dakota First's agreement, Dakota First will. have access to various trade secrets of Secured Lending. A "Trade Secret" is information which is not generally known to the public and, as a result, is of economic benefit to Employer in the conduct of its business. Dakota First and Secured Lending agree that Track Secrets include, but are not limited to, a11. information, developed or obtained by Secured Lending and comprising the following items, whether or not such items have been reduced to tangible form (e.g. physical writing) all methods, techniques, processes, ideas, research and development, trade names, service n arks, slogans, forms, customer lists, pricing structures, menus., business forms, marketing programs and plans, layouts and designs, financial structures, operational methods and tactics, cost information, the identity of or contractual arrangements with suppliers, the identity or buying habits of customers, accounting procedures, and any document, record. or other information of Secured. Lending relating to the above.

6.2 During the course of Dakota First's agreement, Secured Lending will have access to various trade secrets of Dakota First. A "Trade Secret" is information which is not generally known to the public and., as a result, is of economic benefit to employer in the conduct of its business. Dakota First and Secured Lending agree that trade secrets include, but not limited to, all information developed or obtained by Dakota first and compromising the following items, whether or not such items have been reduced to tangible form (e.g. physical writing) all methods, techniques, processes, ideas, research and development, trade names, service marks, slogans, forms, customer lists, pricing structures, menus, business forms, marketing programs and plans, layouts and designs, financial structures, operational methods and tactics, cost information, the identity of or contractual arrangements with. suppliers, the identity or buying habits of customers, accounting procedures. and any document, record or other information of Dakota First relating above.

6.2.1 Non· Disclosure. Dakota First will not publish. or disclose, or allow to be published or disclosed., Trade Secrets to any person who is not an employee of Secured Lending unless such disclosure is necessary for the performance of Dakota First's obligations under this Agreement. Disclosure to someone who is not an employee of Secured Lending must first be authorized, in writing by the President.

6.2.2 Use Restriction. Dakota First will use Trade Secrets only for the limited purpose for which they were disclosed.. Dakota. First will not disclose any Trade Secrets to any third party (including subcontractors) without first obtaining Secured Lending's written consent and will disclose Trade Secrets only to Secured. Lending's

own employees having a need to know. Dakota First will promptly notify Secured Lending of any Trade Secrets improperly or prematurely disclosed.

7. Representation Concerning Prior Agreements Dakota First represents to Secured Lending that they are not bound by any non-competition or non-solicitation agreement that would. preclude, limit or in any manner affect Dakota First Agreement with Secured Lending, Dakota First further represents that he can fully perform the duties of their agreement without violating any obligations they may have to any former employer, including but not limited to, misappropriating any proprietary information acquired from a prior employer and agrees that they have not and will not misappropriate any proprietary information acquired from any prior employer. (see schedule "A")

8. Limitations on Authority. Without the express written consent from the Secured Lending, Dakota First has no authority to:

a) Pledge the credit of Secured. Lending or any of its other employees;

b) Release or discharge any debt in excess of $ 100.00 due to Secured Lending unless Secured Lending has received the full amount thereof; and

c) Sell, mortgage, transfer or otherwise dispose of any non-inventory assets of the Secured. Lending which, have a fair market value in excess of $100.00

9. Personnel Policies and Procedures. Secured, Lending has the authority to establish from time to time personnel policies and procedures to be followed by its employees. Dakota First agrees to comply with the policies and procedures of Secured. Lending. To the extent any provisions in. Secured Lending's personnel policies and procedures differ with the terms of this Agreement, the terms of this Agreement apply. In. no case will any personnel policies or procedures be deemed to contradict the at-will employment provision in. this Agreement.

10. Advertising. No advertising in any form. is to be used by Dakota First prior to written approval from Secured. Lending.

11. Accounts. No savings, checking, investment or other accounts may be established by Dakota First in. the name of Secured Lending or in any naive similar to that of Secured Lending. The determination as to similarity of names is within the sole discretion of Secured. Lending.

12. General Provisions.

12.1 Continuing Obligations. Neither the termination of Dakota. First's agreement, termination, of this Agreement shall affect any rights or obligations accruing prior thereto or any continuing obligations of the parties hereunder.

12.2 Notice. Any notice, request, instruction or other document to be given hereunder shall be in writing and shall he deemed. to have been given when delivered personally,

Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing or implied. in fact, between the parties hereto with respect to the employment of Dakota First by Secured, Lending, and contains all of the covenants and agreements between the parties with respect to that employment. Each, party to this Agreement acknowledges that, with respect to employment, no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall he valid, or binding.

12.3 Modif.cations. Any modification of this Agreement will be effective only if it is in a writing that (i) is signed by both parties; (ii) specifically references this Agreement and (iii) specifically expresses an intent by both parties to modify this Agreement.

12.4 Effect of Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all, or any other tunes.

12.5 Partial Invalidity . If any provision in this Agreement is held by a court of competent jurisdiction to be invalid., void, or unenforceable, the remaining provisions shall nevertheless continue in. fall force without being impaired or invalidated in any way. Dakota First acknowledges and agrees that Secured Lending has no duty or obligation to employ Dakota First at any time after expiration of this Agreement.

12.6 Law Governing Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona

13. Acknowledgement. Dakota First acknowledges that they have had the opportunity to consult with independent counsel of their own, choice concerning this Agreement, and that they have taken advantage if that opportunity to the extent that Dakota First desires. Secured Lending further acknowledges that they have read and understands this Agreement, is fully aware of its legal effect, and has entered into it voluntarily based. on Their own judgment.

Executed on August 2, 2006 at Phoenix, Arizona
By: Secured Lending
By: /s/ Jan Wallace

Schedule "A" to Dakota First and Secured Lending Agreement

Dakota First Compensation

Dakota First will receive a commission from Secured Lending as follows:

1. 70% all origination fees and discount points
2. 70% of all yield spread. premiums. All fees will be paid, after fees to Americash. are paid. ($595usd plus a quarter point and surcharges from certain banking institutions in the Americash banking arms)
3. A $30,000usd. consulting fee, to be paid each month over three months, for the months of June, July, August of 2006.
4. Dakota First understands and agrees that it will be paid. commissions on loans its organization generates. Any loans generated by outside contractors, employees, agents, Americash, or representatives of Secure d Lending will not entitle Dakota First to commissions.
5. Dakota first will use its best efforts to assist Secured Lending in achieving Secured Lending revenue goals of 80 loans a month as outlined, in the attached proforma (addendum A)
6. Secured Lending understands and agrees that Dakota First will be pursuing many other business ventures in. the mortgage industry and will exercise these options without interference from Secured Lending.

CERTIFICATIONS

I, Jan Wallace, certify that;

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

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

(5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 21, 2006

/s/ Jan Wallace
By: Jan Wallace
Title: Chief Executive Officer

CERTIFICATIONS

I, Munjit Johal, certify that;

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

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

(5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 21, 2006

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

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

In connection with the accompanying Quarterly Report on Form 10-QSB of Secured Diversified Investment, Ltd. for the quarter ended June 30, 2006, I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) the Quarterly Report on Form 10-QSB of Secured Diversified Investment, Ltd. for the quarter ended June 30, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Quarterly Report on Form 10-QSB for the quarter ended June 30, 2006, fairly presents in all material respects, the financial condition and results of operations of Secured Diversified Investment, Ltd..

By:	/s/ Jan Wallace
Name:	Jan Wallace
Title:	Principal Executive Officer and Director
Date:	August 21, 2006

By:	/s/ Munjit Johal
Name:	Munjit Johal
Title:	Principal Financial Officer
Date:	August 21, 2006