

otherwise provided for in this Operating Agreement with respect to any transfer until it has received such information.

(c) Except in the case of a transfer of a person's interests in the LLC at death or involuntarily by operation of law, either:

(i) Such a person's ownership interest in the LLC shall be registered under the Securities Act of 1933, as amended, and any applicable state securities laws; or

(ii) The transferor shall provide an opinion of counsel, which opinion and counsel shall be satisfactory to the LLC, to the effect that such transfer is exempt from all applicable registration requirements and that such transfer will not violate any applicable laws regulating the transfer of securities.

(d) The transferee shall become a party to this Operating Agreement by signing such documents and instruments as the Manager may reasonably request as may be necessary or appropriate to confirm such transferee's agreement to be bound by the terms and conditions of this Operating Agreement.

10.03 Right of First Refusal. In addition to the other limitations and restrictions set forth in this Article, except as permitted herein, no Unit Holder shall transfer all or any portion of such person's ownership interest in the LLC (the "Offered Interest") unless such Unit Holder (the "Seller") first offers to sell the Offered Interests pursuant to the terms of this Section 10.03.

(a) Limitation on Transfers. No transfer may be made under this Section 10.03 unless the Seller has received a bona fide written offer (the "Purchase Offer") from a person (the "Purchaser") to purchase the Offered Interest for a purchase price (the "Offer Price") according to specified terms, with or without interest, which offer shall be in writing, signed by the Purchaser, and shall be irrevocable for a period ending no sooner than the day following the end of the Offer Period (as hereinafter defined).

(b) Offer Notice. Prior to making any transfer that is subject to the terms of this Section 10.03, the Seller shall give to the LLC and each Member written notice (the "Offer Notice") which shall include a copy of the Purchase Offer and an offer (the "Firm Offer") to sell the Offered Interest to the Members (the "Offerees") for the Offer Price, payable according to the same terms as (or more favorable terms than) those contained in the Purchase Offer, provided that the Firm Offer shall be made without regard to the requirement of any earnest money or similar deposit required of the Purchaser prior to closing, and without regard to any security (other than the Offered Interest) to be provided by the Purchaser for any deferred portion of the Offer Price.

(c) Offer Period. The Firm Offer shall be irrevocable for a period (the "Offer Period") for a period of fifteen (15) days following the date of the Offer Notice.

(d) Acceptance of Firm Offer. At any time during the first fifteen (15) days of the Offer Period, any Offeree who is a Member may accept the Firm Offer as to all or any

portion of the Offered Interest by giving written notice of such acceptance to the Seller and the LLC, which notice shall indicate the maximum Offered Interest that such Offeree is willing to purchase. In the event that within the first fifteen (15) days of the Offer Period, Offerees who are Members ("Accepting Offerees"), in the aggregate, accept the Firm Offer with respect to all of the Offered Interest, the Firm Offer shall be deemed to be accepted. If Accepting Offerees provide offers that exceed the amount of the Offered Interest, the offers of the Accepting Offerees shall be reduced so that, to the greatest extent possible, the portions of the Offered Interest allocated to the Accepting Offerees correspond, first, to each Accepting Offeree's proportionate interest in the LLC in relation to the other Accepting Offerees, and second, to the Accepting Offerees' relative offers with regard to the Offered Interest.

(e) Closing of Purchase Pursuant to Firm Offer. In the event that the Firm Offer is accepted, the closing of the sale of the Offered Interest shall take place within fifteen (15) days after the Firm Offer is accepted or, if later, the date of closing set forth in the Purchase Offer. The Seller and all Accepting Offerees shall execute such documents and instruments as may be necessary or appropriate to effect the sale of the Offered Interest pursuant to the terms of the Firm Offer and this Article.

(f) Sale Pursuant to Purchase Offer. If the Firm Offer is not accepted in the manner herein provided, the Seller may sell the Offered Interest to the Purchaser at any time after the last day of the Offer Period, provided that such sale shall be made on terms no more favorable to the Purchaser than the terms contained in the Purchase Offer and provided further that such sale complies with other terms, conditions, and restrictions of this Agreement that are applicable to sales of a person's ownership interest in the LLC and are not expressly made inapplicable to sales occurring under this Section 10.03. In the event that the Offered Interest is not sold in accordance with the terms of the preceding sentence, the Offered Interest shall again become subject to all of the conditions and restrictions of this Section 10.03.

10.04 Prohibited Transfers. Any purported transfer of a person's ownership interest in the LLC that is not a permitted transfer shall be null and void and of no force or effect whatever, provided that if the LLC is required to recognize a transfer that is not a permitted transfer (or if the LLC, in its sole discretion, elects to recognize a transfer that is not a permitted transfer), the interest transferred shall be strictly limited to the transferor's Economic Rights with respect to the transferred interests, with distributions first applied (without limiting any other legal or equitable rights of the LLC) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee may have to the LLC.

In the case of a transfer or attempted transfer of a person's ownership interest in the LLC that is not a permitted transfer, the parties engaging or attempting to engage in such transfer shall be liable to indemnify and hold harmless the LLC and the other Members from all cost, liability, and damage that any of such indemnified persons may incur (including, without limitation, incremental tax liability and lawyers' fees and expenses) as a result of such transfer or attempted transfer and efforts to enforce the indemnity granted hereby.

10.05 Rights and Obligations of Assignees and Assignors.

(a) An assignment of a Member's ownership interest in the LLC does not itself dissolve the LLC or entitle the assignee to become a Member or exercise any Management Rights. A person who acquires a person's ownership interest in the LLC, but who is not admitted as a substitute Member pursuant to Section 10.06 hereof, shall be entitled only to the Economic Rights with respect to such interests and shall have no Management Rights.

(b) A Member's assignment of a membership interest in the LLC shall cause the Member to cease to be a Member with respect to the transferred membership interest and lose the power to exercise the Management Rights associated with the transferred membership interest. An assignee has no liability as a Member solely as a result of the assignment. A Member who assigns an ownership interest in the LLC is not released from any liability to the LLC solely as a result of the assignment of such Economic Rights.

(c) In the event a court of competent jurisdiction charges an ownership interest with the payment of an unsatisfied amount of a judgment with interest, to the extent so charged, the judgment creditor shall be treated as an assignee.

(d) For purposes of this Article, "Economic Rights" shall mean a holder's share of the profits, losses, and distribution of the LLC pursuant to the Articles of Organization, this Agreement, or applicable law, but shall not include any Management Rights.

(e) For purposes of this Article, "Management Rights" shall mean the right of a Member to participate in the management of the LLC, including the right to vote (to the extent that the Member's Units have a right to vote), to attend meetings, to inspect the books and records of the LLC, and to receive any financial information.

10.06 Acceptance of Assignee as Substitute Member.

(a) Subject to the other provisions of this Article, a transferee of Economic Rights may be admitted to the LLC as a substitute Member, with all of the Management Rights of a Member, only upon satisfaction of all of the conditions set forth below:

(i) The consent of Members holding at least seventy five percent (75%) of the Units Eligible to Vote to such admission, which consent may be given or withheld in the sole and absolute discretion of the Members.

(ii) The transferee shall become a party to this Operating Agreement as a Member by signing such documents and instruments as the Manager may reasonably request as may be necessary or appropriate to confirm such transferee as a Member in the LLC and such transferee's agreement to be bound by the terms and conditions of this Operating Agreement.

(iii) The transferee shall pay or reimburse the LLC for all reasonable legal, filing, and publication costs that the LLC incurs in connection with the admission of the transferee as a Member with respect to the transferred interests.

(iv) If the transferee is not an individual of legal majority, the transferee shall provide the LLC with evidence satisfactory to counsel for the LLC of the authority of the transferee to become a Member and to be bound by the terms and conditions of this Agreement.

(b) An assignee who becomes a substitute Member has, to the extent assigned, the rights and powers and is subject to the restrictions and liabilities of a Member under the North Carolina Limited Liability Company Act, the Articles of Organization, and this Operating Agreement, and is also liable for any obligations of the assignor to make contributions under Article II, but is not obligated for any other liabilities reasonably unknown to the assignee at the time the assignee becomes a Member.

(c) Even if an assignee becomes a substitute Member, the assignor is not released from the assignor's liability to the LLC.

10.07 Distributions and Allocations Regarding Transferred Interests. If any person's ownership interest in the LLC is transferred during any fiscal year in compliance with the provisions of this Article, profits, losses, each item thereof, and all other items attributable to such interest for such fiscal year shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal year in accordance with Internal Revenue Code of 1986, Section 706(d), using any conventions permitted by law and selected by the Manager. All distributions on or before the date of such transfer shall be made to the transferor and all distributions thereafter shall be made to the transferee. Solely for purposes of making such allocations and distributions, the LLC shall recognize such transfer not later than the end of the calendar month during which it is given written notice of such transfer, provided that if the LLC is given written notice of a transfer at least ten (10) days prior to the transfer, the LLC shall recognize such transfer as of the date of such transfer, and provided further that if the LLC does not receive a written notice stating the date such interest was transferred and such other information as the Manager may reasonably require within thirty (30) days after the end of the fiscal year during which the transfer occurs, then all such items shall be allocated, and all distributions shall be made to the person who, according to the books and records of the LLC, was the owner of the interest on the last day of the fiscal year during which the transfer occurs. Neither the LLC nor any Manager shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.07, whether or not any Manager or the LLC has knowledge of any transfer of ownership of any interest.

Article XI

Sale of the LLC's Membership Units

If Members holding at least seventy five percent (75%) of the Units Eligible to Vote vote in favor of a specific sale of all of the Units of the LLC, all Unit Holders shall sell their Units as part of that sale, so long as all Unit Holders participate in that sale equally in terms of price per Unit, after adjusting for capital account differences, and other terms and conditions except those terms and

conditions having to do with individual arrangements, if any, such as those between the Unit Holder and the purchaser relating to employment and restrictions on future activities.

Article XII Amendments

12.01 By Members. The Members may amend or repeal the provisions of this Operating Agreement by agreement of Members owning seventy five percent (75%) of each class of Membership Unit set forth in writing or by action taken at a meeting of Members called for that purpose. This Operating Agreement may not be amended or repealed by oral agreement of the Members.

12.02 By Managers. A Manager may not amend or repeal the provisions of this Operating Agreement.

Article XIII Miscellaneous

13.01 Additional Documents.

Each Unit Holder shall execute such additional documents and take such actions as are reasonably requested by the Managers in order to complete or confirm the transactions contemplated by this Operating Agreement.

13.02 Limitation of Liability of Receiver, David A. Gill.

Any obligation or liability whatsoever of David A. Gill as Receiver which may arise at any time under this Operating Agreement or any obligation or liability which may be incurred by him pursuant to any other instrument, transaction, or undertaking contemplated hereby, shall be in his official capacity as Receiver and not in his personal capacity, and shall be satisfied, if at all, out of the assets vested in the assets of the Diversified Lending Group, Inc. receivership estate. No such obligation or liability shall be personally binding upon, nor shall there be recourse for the enforcement thereof the property of David A. Gill, either individually or in any other professional capacity, or of any of his agents or employees, or to the firm of Danning, Gill, Diamond & Kollitz, LLP, regardless of whether such obligation or liability is in the nature of contract, tort, or otherwise.

13.03 Effectiveness of Operating Agreement.

The Operating Agreement, and any provision thereof for the Receiver's contribution of certain real property and payment of or contribution against certain expenses or a portion thereof, is effective only in the event the District Court approves the Operating Agreement and the Receiver's performance thereunder. If after obtaining an order of the District Court authorizing his performance under the Operating Agreement, and thereafter the Receiver is unable to deliver possession or title of the lots to be contributed by him to the LLC under the Operating Agreement, the sole remedy of RFMI and/or the LLC, shall be the reimbursement of any monies advanced by one or both of them to preserve the Receivership estate property.

13.04 Jurisdiction of the District Court:

This Agreement shall be construed in accordance with, and all disputes hereunder shall be governed by, the laws of the State of California, without regard to choice of law principles. Furthermore, at the sole election of the Receiver, disputes hereunder shall be enforceable either in: (1) the United States District Court for the Central District of California in the case now pending, or after that case is closed, in the United States District Court for the Central District of California, with notice to the court that it is related to the case pending at the time of the Agreement; or (2) in any other court of competent jurisdiction.

13.05 Counterparts. This Operating Agreement may be executed in two or more counterparts, which together shall constitute one agreement.

13.06 Governing Law. This Operating Agreement shall be governed by North Carolina law. Venue shall be in Humboldt County, state of California.

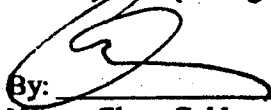
13.07 Headings. Headings in this Operating Agreement are for convenience only and shall not affect its meaning.

13.08 Severability. The invalidity or unenforceability of any provision of this Operating Agreement shall not affect the validity or enforceability of the remaining provisions.

13.09 Third Party Beneficiaries. The provisions of this Operating Agreement are intended solely for the benefit of the Members and shall create no rights or obligations enforceable by any third party, including creditors of the LLC or its members, except as otherwise provided by applicable law.

ADOPTED effective June 22, 2010, by the undersigned Members of the LLC.

COMPANY: RDLG, LLC (Managed by ReProp Financial Mortgage Investors, LLC)

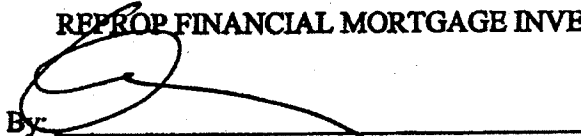
By: 

Name: Glenn Goldan


Title: Manager of ReProp Financial Mortgage Investors, LLC

INITIAL MEMBERS:

REPROP FINANCIAL MORTGAGE INVESTORS, LLC

By: 
Glenn, Goldan, Manager

DIVERSIFIED LENDING GROUP, INC.,

By: 

David A. Gill, Receiver in the matter of *Securities & Exchange Comm. v. Diversified Lending Group, Inc., et al.*, case no. CV 09-01533-R (SSx) in the U.S. District Court for the Central District of California, Western Division
David A. Gill, Receiver

Additional Unit Holder or Member Signature Page

The undersigned hereby agrees to the terms and conditions of that certain Operating Agreement dated effective _____, 2010. Unless and until admitted as a Member pursuant to Section 10.06, the undersigned is an assignee with Economic Rights only and without Management Rights.

Name: _____

Address: _____

Units: _____

By: _____

EXHIBIT A

Initial Capital Contributions

ReProp Financial Mortgage Investors, LLC: \$127,780.00 U.S.D., and property as described in more detail on Exhibit B.

David Gill, State Court Receiver for Diversified Lending Group, Inc.: \$72,220.00 U.S.D., and the property described on Exhibit B

EXHIBIT B

Detailed Description of Property Contributed

EXHIBIT B
#7248

PHASE 1 LOTS AVAILABLE

Lot #	Roads	Water	Sewer	Power	Uses	Recorded	Surveyed	Est. to Complete	Ownership	July Sale	Ave. Gross
2	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
3	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
4	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
6	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
7	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
11	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
12	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
13	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
14	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
15	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
18	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
20	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 3,221.00	DLG	IN	\$65,000
21	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 3,221.00	ReProp	IN	\$65,000
22	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 3,221.00	DLG	IN	\$65,000
23	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 3,221.00	ReProp	IN	\$65,000
26	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
27	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,675.00	DLG	IN	\$65,000
30	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 9,035.00	ReProp	IN	\$65,000
31	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 9,035.00	ReProp	IN	\$65,000
33	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 9,035.00	DLG	IN	\$65,000
34	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 9,035.00	ReProp	IN	\$65,000
36	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,675.00	ReProp	IN	\$65,000
37	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 9,035.00	ReProp	IN	\$65,000
41	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
43	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 9,035.00	ReProp	IN	\$65,000
48	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
49	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
53	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 3,221.00	ReProp	IN	\$65,000
54	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 3,221.00	DLG	IN	\$65,000
55	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,386.00	ReProp	IN	\$65,000
57	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
58	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
59	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
60	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 6,241.00	ReProp	IN	\$65,000
62	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 6,241.00	ReProp	IN	\$65,000
70	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ -	ReProp	OUT FOR SALE	
71	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ -	DLG	OUT FOR SALE	
78	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
79	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
82	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
83	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
84	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,386.00	ReProp	IN	\$65,000
151	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
152	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
153	No road				SFR	YES	YES	\$ -	ReProp	OUT FOR SALE	
154	No road				SFR	YES	YES	\$ -	ReProp	OUT FOR SALE	
155	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,000.00	ReProp	IN	\$65,000
156	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,000.00	DLG	IN	\$65,000
157	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
167	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
168	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
175	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000

EXHIBIT B
7249

Lot #	Roads	Water	Sewer	Power	Uses	Recorded	Surveyed	Est. to Complete	Ownership	July Sale	Ave. Gross
176	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
177	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
180	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
186	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
197	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
198	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
199	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
203	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
204	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
205	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
206	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
207	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
209	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
211	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
212	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
213	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
214	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	ReProp	IN	\$65,000
217	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
218	Paved	Water	Sewer	Power	SFR	YES	YES	\$ 1,000.00	DLG	IN	\$65,000
219	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
220	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
222	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
223	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
224	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
225	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
226	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
227	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
228	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
229	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
230	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
231	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
232	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	DLG	IN	\$65,000
233	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
234	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp/DLG	IN	\$65,000
235	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp/DLG	IN	\$65,000
237	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
238	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
239	Graveled	Water	Sewer	Power	SFR	YES	YES	\$ 4,302.00	ReProp	IN	\$65,000
PHASE 1 LOTS SUBTOTAL								\$ 274,982.00			\$5,590,000

PHASE 2 LOTS AVAILBLE

240	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
241	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
242	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
243	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
244	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
245	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
246	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
247	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
248	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
249	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
250	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
251	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
252	Graveled	Water	Sewer	Power	SFR	NO	YES	\$ 5,500.00	ReProp/DLG	LIKELY	\$65,000

EXHIBIT B
#1250

Lot #	Roads	Water	Sewer	Power	Uses	Recorded	Surveyed	Est. to Complete	Ownership	July Sale	Ave. Gross
253	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
254	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
255	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
256	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
257	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
258	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
259	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
260	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
261	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
262	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
263	Graveled	No	No	No	SFR	NO	YES	\$ 14,871.00	ReProp/DLG	LIKELY	\$65,000
PHASE 2 LOTS SUBTOTAL								\$ 347,533.00			\$1,560,000
GRAND TOTALS								\$ 622,515.00			\$7,150,000

Legal Description

#7251

(ReProp)

TRACT I:

BEING all of Lots 2, 4, 30 and 31 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 411, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

TRACT II:

A.

BEING all of Lots 6, 7, 12, 14, 21, 23, 26, 34, 36, 37, 43, 48, 49, 53, 58 and 60 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 412, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

B.

BEING all of Lot 54 of LINVILLE FALLS CLUB SUBDIVISION, as shown on plat duly recorded in Plat Book 19, Page 20, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Said lot being all of the property identified as Lot 54 and a portion of Lot 55 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 412, McDowell County Registry, as more particularly described Tract II in the Substitute Trustee's Deeds recorded in Book CRP 1013 at Page 447 and Book CRP 1013 at Page 450.

TRACT III:

A.

BEING all of Lots 62, 70, 71 and 79 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 413, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

B.

BEING all of Lot 83 of LINVILLE FALLS CLUB SUBDIVISION, as shown on plat duly recorded in Plat Book 19, Page 20, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being a recombination of all of the property identified as Lots 83 and 84 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 413, McDowell County Registry, as more particularly described Tract III in the Substitute Trustee's Deeds recorded in Book CRP 1013 at Page 444 and Book CRP 1013 at Page 450.

TRACT IV:

BEING all of Lot 18 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 414, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

TRACT V:

BEING all of Lots 153, 154, 155, 157, 167, 168, 175 and 176 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-B, as shown on plat duly recorded in Plat Book 4, Page 415, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

BEING Lot 180 and 186 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE 2-A, as shown on plat thereof duly recorded in Plat Book 5A, Page 45, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being all of the Grantor's interest in Lot 180 in Tract VI as described in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 444.

TRACT VII

BEING all of Lots 197, 198, 204, 205, 207, 209, 211, 213, 214, 217, 220, 222 and 224 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE 2-A, as shown on plat duly recorded in Plat Book 5A, Page 46, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

TRACT VIII

BEING all of Lots 237, 238 and 239 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE 2-A, as shown on plat duly recorded in Plat Book 6, Page 9, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

TRACT IX:

(N/A)

TRACT X:

(N/A)

TRACT XI:

A.

BEING all of Lots 235, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262 and 263 of LINVILLE FALLS CLUB SUBDIVISION, PHASE 2B, as shown on plat duly recorded in Plat Book 19, Page 19, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being a portion of the property identified as Tract XI (The Undeveloped Tract) as more particularly described in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 453, in which Grantor has a 63.89% interest. ALSO, Lot 235 described hereinabove, is the same as Lot 235 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE 2-A, as shown on plat duly recorded in Plat Book 5A, Page 46 of the McDowell County Public Registry.

B.

BEING all of Lot 151 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-B, as shown on plat duly recorded in Plat Book 19, Page 21, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being a portion of the property identified as Tract XI (The Undeveloped Tract) as more particularly described in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 453, in which Grantor has a 63.89% interest. ALSO, Lot 151 described hereinabove, is the same property erroneously identified as Lot 151 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-B, as shown on plat duly recorded in Plat Book 4, Page 415 of the McDowell County Public Registry, as same was described and conveyed in the deed recorded in in Book CRP 1013 at Page 450 and in Book CRP 923 at Page 510. The plat recorded in Plat Book 4 at Page 415 did not create a legally conveyable lot.

BEING all of Lots 226, 228, 229, 230, 231, 232, 233 and 234 of LINVILLE FALLS CLUB SUBDIVISION, PHASE 5A, as shown on plat duly recorded in Plat Book 19, Page 23, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being a portion of the property identified as Tract XI (The Undeveloped Tract) as more particularly described in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 453, in which Grantor has a 63.89% interest. ALSO, being a recombination and reconfiguration of Lots 227, 228, 229 and 233 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE 2-A, as shown on plat duly recorded in Plat Book 5A, Page 46, McDowell County Registry, which is a portion property identified in Tract VII in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 444 and Book CRP 1013 at Page 450

Legal Description
#7254

(DLG Lots)

TRACT I:

BEING all of Lot 3 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 411, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

TRACT II:

A.

BEING all of Lots 11, 13, 15, 20, 22, 27, 33, 41, 57 and 59 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 412, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

B.

BEING all of Lot 54 of LINVILLE FALLS CLUB SUBDIVISION, as shown on plat duly recorded in Plat Book 19, Page 20, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Said lot being all of the property identified as Lot 54 and a portion of Lot 55 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 412, McDowell County Registry, as more particularly described Tract II in the Substitute Trustee's Deeds recorded in Book CRP 1013 at Page 447 and Book CRP 1013 at Page 450.

TRACT III:

BEING all of Lot 78 and 82 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-A, as shown on plat duly recorded in Plat Book 4, Page 413, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

TRACT IV:

(N/A)

TRACT V:

BEING all of Lots 152, 156 and 177 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-B, as shown on plat duly recorded in Plat Book 4, Page 415, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

TRACT VI:

BEING Lot 180 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE 2-A, as shown on plat thereof duly recorded in Plat Book 5A, Page 45, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being all of that portion of the property identified as Tract VI as described in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 447 in which Grantor has an interest.

TRACT VII

BEING all of Lots 199, 203, 206, 212, 218, 219, 223 and 225 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE 2-A, as shown on plat duly recorded in Plat Book 5A, Page 46, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

TRACT VIII

(N/A)

TRACT IX:

(N/A)

TRACT X:

(N/A)

TRACT XI:

A.

BEING all of Lots 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262 and 263 of LINVILLE FALLS CLUB SUBDIVISION, PHASE 2B, as shown on plat duly recorded in Plat Book 19, Page 19, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being a portion of the property identified as Tract XI (The Undeveloped Tract) as more particularly described in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 453, in which Grantor has a 36.11% interest.

B.

BEING all of Lot 151 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-B, as shown on plat duly recorded in Plat Book 19, Page 21, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being a portion of the property identified as Tract XI (The Undeveloped Tract) as more particularly described in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 453, in which Grantor has a 36.11% interest. ALSO, Lot 151 described hereinabove, is the same property erroneously identified as Lot 151 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE I-B, as shown on plat duly recorded in Plat Book 4, Page 415 of the McDowell County Public Registry, as same was described and conveyed in the deed recorded in in Book CRP 1013 at Page 450 and in Book CRP 923 at Page 510. The plat recorded in Plat Book 4 at Page 415 did not create a legally conveyable lot.

C.

BEING all of Lots 226, 228, 229, 230, 231, 232, 233 and 234 of LINVILLE FALLS CLUB SUBDIVISION, PHASE 5A, as shown on plat duly recorded in Plat Book 19, Page 23, McDowell County Registry, reference to which is hereby made for a more particular metes and bounds description.

CHAIN NOTE: Being a portion of the property identified as Tract XI (The Undeveloped Tract) as more particularly described in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 453, in which Grantor has a 36.11% interest. ALSO, being a recombination and reconfiguration of Lots 226, 230, 231, 232 and 234 of BLUE RIDGE COUNTRY CLUB SUBDIVISION, PHASE 2-A, as shown on plat duly recorded in Plat Book 5A, Page 46, McDowell County Registry, which is a portion property identified in Tract VII in the Substitute Trustee's Deed recorded in Book CRP 1013 at Page 447.

PROOF OF SERVICE

I, Patricia Morris, declare:

I am employed by the law firm of DANNING, GILL, DIAMOND & KOLLITZ, LLP, in the County of Los Angeles, State of California. I am employed in the office of a member of the bar of this court at whose direction the service was made. I am over the age of 18 years and am not a party to the within action. My business address is 2029 Century Park East, Third Floor, Los Angeles, California 90067-2904.

On November 5, 2010, I served the following document(s): **RECEIVER'S EX PARTE APPLICATION FOR ADDITIONAL AUTHORITY TO EXCHANGE CERTAIN ASSETS FOR MEMBERSHIP INTEREST IN A LIMITED LIABILITY COMPANY TO FACILITATE THE SALE OF REAL PROPERTY IN LINVILLE, NORTH CAROLINA; DECLARATIONS OF DAVID A. GILL, AND PATRICIA W. MORRIS** on the interested parties addressed as follows:

SEE ATTACHED SERVICE LIST

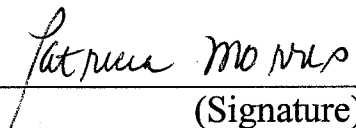
(By Mail) I placed the document for collection and deposit in the mail. I am familiar with this firm's practice for the collection and processing of correspondence for mailing. Under that practice, the document would be placed in a sealed envelope and deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at 2029 Century Park East, Third Floor, Los Angeles, California 90067-2904, in the ordinary course of business. The documents served were placed in sealed envelopes and placed for collection and mailing following ordinary business practices.

(Electronic Mail) By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

I declare under penalty of perjury under the laws of the State of California and of the United States of America that the foregoing is true and correct.

Executed on November 5, 2010, at Los Angeles, California.

Patricia Morris
(Type or print name)


(Signature)

SERVICE LIST

Via E-mail

Attorneys for Plaintiff U.S. Securities Exchange Commission

John M McCoy , III, Esq.
US Securities & Exchange Commission Office of Enforcement
5670 Wilshire Boulevard 11th Floor
Los Angeles , CA 90036
mccoyj@sec.gov

**Counsel for Defendants Diversified Lending Group, Inc.,
Applied Equities, Inc., and Bruce Friedman**

Richard Elliott Drooyan, Esq.
Munger Tolles & Olson LLP
355 S. Grand Avenue, 35th Floor
Los Angeles, CA 90017
richard.drooyan@mto.com

Counsel for Paul L. Goering and Wilda M. Goering

Kurt A. Goering, Esq.
714 E. Rose Lane, Ste. 200
Phoenix, AZ 85014
kagoering@gmail.com

Courtesy Copy

Glenn Goldan
ReProp Financial
555 H Street
Eureka, CA 95501
goldan@reprop.net