

Downtown Façade and Building Stabilization Program

DOWNTOWN
ORLANDO

APPLICATION

Subject Property Information:

Project Address: 221 S Parramore Ave
Orlando, FL 32805

CRA Planning Area: ☐ CBD ☐ Eola ☐ Parramore Heritage ☐ Uptown

Project Type: ☒ Façade Improvements ☐ Building Stabilization Improvements

Parcel ID Number(s): 26-22-29-6716-14031

City Zoning: _____

Applicant:

Name: Steve Rosenberg

Business Name: AS Peleus LLC

Mailing Address: PO Box 25430
Portland, OR 97298

Phone Number: 503 784 5131 Fax Number: 503 226 4699

Email Address: posy@aspencapital.com

Property Owner (if different than Applicant):

Name: AS Peleus LLC

Mailing Address: Same

Phone Number: Same Fax Number: Same

Email Address: Same

Downtown Façade and Building Stabilization Program

APPLICATION SIGNATURE

The Applicant, AS Petrus LLC, assures that the information submitted as part of this application package, as well as any subsequent information submitted for review by Community Redevelopment Agency Staff, the Façade Grant Review Committee, the Community Redevelopment Agency Advisory Board, and the Community Redevelopment Agency is true and correct, and that all information and documentation submitted, including this application and attachments, is deemed public record under the Florida Public Records Law, Chapter 119 of the Florida Statutes. Falsification or omission of information will result in rejection of the application. In addition, you may be subject to prosecution under Orlando City Code Section 43.16, False Information. The Downtown Orlando Community Redevelopment Agency (CRA) maintains the right to request any additional information needed to process this Application.

If the Applicant is awarded funding from the Downtown Façade and Building Stabilization Program, the Applicant agrees that it will enter into a Funding Agreement with the CRA with terms relating to, among other things, the CRA's right to receive re-payment of program funds, the CRA's right to review and audit any and all records related to the Agreement, and the CRA's payment of program funds only upon completion of the project as approved. In case of a default in terms of the Agreement, the Applicant may be responsible for repayment of distributed funds.

By signing below, the Applicant authorizes the City of Orlando to request criminal background checks from local, state, and federal agencies. Please note that a criminal background check is conducted on every applicant and that review of this application is contingent upon satisfactory completion of a criminal background check.

By signing below, the Applicant/Property Owner acknowledges that they have read and agree to the Downtown Façade and Building Stabilization Program policies, procedures, and conditions.

Applicant Signature: _____ Date: 7-16-14

Property Owner Signature: _____ Date: 7-16-14

DOWNTOWN
ORLANDO

Downtown Façade and Building Stabilization Program

Owner's Affidavit

STATE OF FLORIDA
COUNTY OF ORANGE

Before me, the undersigned personally appeared:

(Print Name) AS Relens LLC Steve Rosenberg - President, who duly sworn, upon oath, deposes and says:

That he/she is the owner, or duly authorized representative of the owner, of certain property located at:

221 S Parramore Ave (Address)
The West 73.3' of Lot 3, Block N, Parramores Addition (Legal Description)

That AS Relens LLC (Applicant) operates or intends to operate a business at the above location.

That the Applicant and his contractors or agents have permission to implement the improvements listed of the Downtown Façade and Building Stabilization Program (the "Application") dated 5/21/14.

By signing this Affidavit, I hereby waive any claim against the City of Orlando (the "City") or the Community Redevelopment Agency (the "CRA") arising out of the use of said grant funds for the purposes set forth in the Application. I further agree to hold the City and CRA harmless for any charges, damages, claims, or liens arising out of the Applicant's participation in the Downtown Façade and Building Stabilization Program.

FURTHER AFFIANT SAYETH NOT.

Signature of Affiant

Title if Affiant is acting on behalf of a corporation, LLC, or partnership

STATE OF Oregon

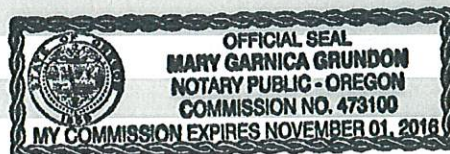
COUNTY OF Washington

Sworn to and Subscribed before me this 16th day of July, 20 14, by Steve Rosenberg, who is the owner, or a duly authorized representative of the owner, of the above-referenced property, and who is personally known to me or has produced _____, as identification.

Notary Public

My Commission Expires: 11.1.2016

[NOTARY STAMP]



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Project Type: ☒ Façade Improvements ☐ Building Stabilization Improvements

Parcel ID Number(s): 26-22-29-6716-14031

City Zoning: _____

Applicant:

Name: Irving Potter

Business Name: AS Peleus LLC

Mailing Address: PO Box 25430
Portland, OR 97298

Phone Number: 503 228 1455 Fax Number: 503 226 4699

Email Address: Irving@aspencapital.com

Property Owner (if different than Applicant):

Name: AS Peleus LLC

Mailing Address: Same

Phone Number: Same Fax Number: Same

Email Address: Same

Downtown Façade and Building Stabilization Program

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Date: _____

Property Owner Signature: _____

Date: _____

DOWNTOWN
ORLANDO

Downtown Façade and Building Stabilization Program

Owner's Affidavit

STATE OF FLORIDA
COUNTY OF ORANGE

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(Print Name) AS Pelens LLC Irving Potter, who duly sworn, upon oath, deposes and says:

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FURTHER AFFIANT SAVETH NOT.

[Signature]
Signature of Affiant

Title if Affiant is acting on behalf of a corporation, LLC, or partnership

STATE OF Oregon

COUNTY OF Washington

Sworn to and Subscribed before me this 28 day of May, 2014, by Irving Potter, who is the owner, or a duly authorized representative of the owner, of the above-referenced property, and who is personally known to me or has produced Oregon Driver License, as identification.

Terri Lynn Searing
Notary Public

My Commission Expires: 3-10-18

[NOTARY STAMP]



Downtown Façade and Building Stabilization Program

PROJECT DESCRIPTION:

Items in which reimbursement requested:

- All new double-pane windows (54 total)
- Pressure washing building
- New exterior paint

Other improvements being made. For more detail, please

refer to quotes provided from contractors.

TOTAL PROJECT COST

\$ 160,000

APPLICANT'S FUNDING

\$ 140,000

TOTAL PROGRAM FUNDING REQUESTED

\$ 20,000

CITY OF ORLANDO

Mercedes Blanca <mercedes.blanca@cityoforlando.net>

Background Check Request - As Peleus LLC

Mercedes Blanca <Mercedes.Blanca@downtownorlando.com>

Wed, Jul 30, 2014 at 5:27 PM

To: John Kinloch <john.kinloch@cityoforlando.net>

Hi John,

I was hoping that you could help me with conducting background checks on two applicants for the Downtown Facade and Building Stabilization Program. The required documents/information are attached. Please note that both these gentlemen are located in Portland, Oregon.

Thanks in advance for your assistance!



Mercedes Blanca, Economic Development Coordinator
Downtown Development Board/Community Redevelopment Agency
City of Orlando
400 South Orange Avenue, 6th Floor
Orlando, FL 32801
p: 407.246.3625
f: 407.246.3359
downtownorlando.com

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Florida has a very broad public records law. As a result, any written communication created or received by the City of Orlando officials and employees will be made available to the public and media, upon request, unless otherwise exempt. Under Florida law, email addresses are public records.

If you do not want your email address released in response to a public records request, do not send electronic mail to this office. Instead, contact our office by phone or in writing.

**Potter and Rosenberg app and sig pages.pdf**

920K

John Kinloch, Employment Supervisor <john.kinloch@cityoforlando.net>

Thu, Aug 7, 2014 at 10:28 AM

To: Mercedes Blanca <Mercedes.Blanca@downtownorlando.com>

Irving Potter's background checks out clear. I am waiting on results for Rosenberg.

John G. Kinloch, PHR, Employment Supervisor
Human Resources
City of Orlando
400 So. Orange Ave., 1st Fl
Orlando, FL 32801
p 407.246.2067
f 407.246.2019

[Quoted text hidden]

[Quoted text hidden]

Mercedes Blanca <Mercedes.Blanca@downtownorlando.com>

Thu, Aug 7, 2014 at 2:54 PM

To: "John Kinloch, Employment Supervisor" <john.kinloch@cityoforlando.net>

Thanks!

[Quoted text hidden]

John Kinloch, Employment Supervisor <john.kinloch@cityoforlando.net>

Tue, Aug 12, 2014 at 9:08 AM

To: Mercedes Blanca <Mercedes.Blanca@downtownorlando.com>

Steve Rosenberg has cleared his background check.

John G. Kinloch, PHR, Employment Supervisor
Human Resources
City of Orlando
400 So. Orange Ave., 1st Fl
Orlando, FL 32801
p 407.246.2067
f 407.246.2019

[Quoted text hidden]

[Quoted text hidden]

Mercedes Blanca <Mercedes.Blanca@downtownorlando.com>

Tue, Aug 12, 2014 at 9:14 AM

To: "John Kinloch, Employment Supervisor" <john.kinloch@cityoforlando.net>

Great. Thanks John!

[Quoted text hidden]

Business Tax Receipt

Mercedes,

As I mentioned on the phone with you, our company reached out to the City of Orlando Office of Permitting and Orange County Tax Collector. They informed us that in order to pay local business tax, we must have a local office address in the area. The owner of the property is AS Peleus LLC (a private lender and loan servicer) and we do not technically conduct business in the area; we are located in Portland, Oregon. The subject property went through a foreclosure process and is now owned by AS Peleus LLC, held as a rental property. Therefore we are exempt from local business tax registration.

Thank you.

David Turra - Asset Manager for the owner

OPERATING AGREEMENT OF

AS PELEUS LLC

Gregory Funding LLC ("Manager") and AS Peleus LLC, by execution hereof, hereby adopt this Operating Agreement as the Operating Agreement of AS Peleus LLC (the "LLC").

1. Organization.

1.1 The Certificate of Formation for the LLC, a copy of which is attached as Exhibit A, was filed with the Delaware Secretary of State on September 10, 2012 and is hereby ratified and approved.

1.2 The LLC intends to engage in the business of purchasing, holding and managing two pools of small balance commercial real estate loans. The LLC may also engage in the business of (a) purchasing, holding, managing and selling other real properties, (b) making loans secured by real property sold by the LLC, (c) holding and managing investments in entities controlled by the LLC that engage in any of the activities in which the LLC is authorized to engage and (d) engaging in all other actions reasonably appropriate to the full performance of the business activities in which the LLC is authorized to engage.

1.3 The members have formed the LLC under the Act and intend to form a limited liability company under the Act and no other form of entity.

1.4 All property of the LLC shall be owned by the LLC as an entity and held in its own name and no member shall have any ownership interest in such property.

2. Members.

2.1 The initial member of the LLC is Gregory Funding LLC. Additional members may be admitted by the Manager at any time prior to October 31, 2012 provided, however, that as a condition of membership in the LLC, each member must execute a Membership Admission Agreement in the form of Exhibit B. On October 31, 2012, based solely on the information set forth on the executed Membership Admission Agreements accepted by the Manager, the Manager shall cause the names of the members of the LLC, their initial capital contributions, the amount of their total capital commitment, and their "Ownership Interests" to be set forth on a schedule in the form of Exhibit C, which, when signed by the Manager and attached to this Operating Agreement shall become a part of this Operating Agreement. Each member's ownership interest in the LLC, including the ownership interest of Gregory Funding LLC shall be equal to the ratio of capital contributed by the member to the total capital contributed by all of the members. Additional members may be added by the Manager after October 31, 2012 with the prior written consent of members whose Ownership Interest represent, in the aggregate, not less than eighty-one percent (81%) of the ownership interests of all of the members, provided, in the opinion of the Manager, such additional member would provide either a significant increase in the total capital base of the LLC or the additional of such additional member would provide the LLC with a significant strategic advantage. If any additional member or members are added after October 31, 2012, the ownership interest of

each member shall be adjusted to reflect the capital contribution of the new member, provided, however, that the value of the existing member's shares shall be adjusted to reflect the market value of the assets of the LLC as of the date of such additional member's addition as a member, as reasonably determined by the Manager.

2.2 Except as set forth in Section 2.3 of this Operating Agreement, the maximum amount each member is obligated to contribute to the LLC is the amount set forth on the member's executed Membership Admission Agreement as the member's total capital commitment, regardless of the fact that a member's capital account balance may be reduced by a distribution of capital to the member and capital may only be called for the purpose of funding the immediate cash needs of the LLC. Capital contributions shall be made by check or wire transfer to the account of the LLC within five (5) business days after notice to the member that the member has been accepted as a member of the LLC.

2.3 The Manager may call for capital contributions from the members in excess of the maximum amount each member is committed to contribute provided (a) the additional capital call does not increase the total capital contributions of the members by more than eighteen percent (18%) in excess of the total capital commitments, and (b) the additional funds are used solely to protect the LLC's interest in an existing investment of the LLC.

2.4 The members understand that the Manager will be making capital calls to meet specific funding needs of the LLC. The Manager may, within fourteen (14) days after the date a capital call is made by the Manager, revoke the capital call if the transaction for which the Manager intended to use the contributed funds does not close. In the event the capital call is revoked, all capital contributions received by the LLC in response to the capital call shall be returned within five (5) business days of revocation and the capital contributions shall be ignored for all purposes and shall not affect the remaining capital commitments for which the members are committed or the amount contributed by the members.

2.5 Income or loss (or items thereof) for each fiscal year shall be allocated among the members in a manner such that, to the extent possible the capital account balance of each member at the end of such year shall be equal to the excess (which may be negative) of:

(a) the amount that would be distributed to such member if (i) the LLC were to sell the LLC's assets for book value for capital account purposes, (ii) all LLC liabilities were settled in cash according to the terms (limited, with respect to nonrecourse liability, to the book value of the assets securing such liability, and (iii) the net proceeds thereof were distributed in full pursuant to Section 6.1 of this Operating Agreement, over

(b) the sum of (iv) the amount, if any, without duplication, that such member would be obligated to contribute to the LLC, (v) such member's share of partnership minimum gain, and (vi) such member's share of partner minimum gain, all computed as of the date of the hypothetical sale described in Section 2.5 (a) above.

2.6 The term "Net Contributed Capital" when used in this Operating Agreement, means the total of all capital contributed by a member reduced by an amount equal to all distributions of capital to such Member pursuant to Section 2.4 and Section 6.2 (c) of this Operating Agreement.

2.7 No member shall have any power or authority to bind the LLC unless such member has been authorized by the LLC to act as an agent of the LLC in accordance with this Operating Agreement.

2.8 Each member's liability shall be limited as set forth in this Operating Agreement, the Act and other applicable law. A member will not be personally liable, merely as a member, for any debts or losses of the LLC beyond the member's respective contributions and any obligation of the member under the terms of this Operating Agreement to make additional contributions, except as otherwise provided by law.

2.9 The LLC shall indemnify the members for all costs, losses, liabilities and damages paid or accrued by the member in connection with the business of the LLC limited only as required by law.

2.10 Any member or the Manager may engage independently or with others in other business and investment ventures of every nature and description and shall have no obligation to account to the LLC for such business or investments or for business or investment opportunities. Notwithstanding the preceding, the Manager may not engage in any business activity which is directly detrimental to the business interests of the LLC or any of its assets.

2.11 An individual capital account shall be maintained for each member. Each member's capital account shall be (a) credited with all capital contributions by such member and the member's distributive share of all income and gain and (b) charged with the amount of all distributions to such member and the member's distributive share of losses and deductions. Capital accounts shall be maintained in accordance with the Special Allocations provisions set forth on Exhibit D.

2.12 To the extent the total capital contributed by any member is less than the total amount of the capital call that such member is obligated to make, the Manager may, but shall not be obligated to, loan to the member an amount equal to the capital call shortfall and contribute such amount to the LLC on behalf of the member. The Manager may, but shall not be obligated to, offer some or all of the other members the right to participate in such loan. Such loan shall include a loan fee equal to 10.8% of the amount loaned and the principal of the loan and the loan fee shall bear interest at the rate of two and seven tenths percent (2.7%) per month. Each member agrees that to the extent a loan is made to cover such member's failure to meet a capital call, such member hereby pledges its entire ownership interest in the LLC as security for the loan. Any distribution otherwise due to a member to whom a loan has been made shall be payable, in full, from distributions from the LLC that would otherwise be paid to such member before any further distributions are made to the member. It is expressly agreed that the decision of the Manager to make a loan to a member is within the sole discretion of the Manager and that

the Manager has absolutely no obligation, fiduciary or otherwise, to make a loan to a member to fund a capital call regardless of the effect such decision may have on the member.

2.13 To the extent the total capital contributed by any member is less than the total amount of the capital call that such member is obligated to make, the LLC may, but shall not be obligated to, repurchase the entire interest of the member failing to meet the capital call. The purchase price shall be an amount equal to the value of the member's entire interest in the LLC, as determined pursuant to Section 7.3 of this Operating Agreement, reduced by 25.2% to account for all discounts applicable to the interest, including but not limited to discounts for marketability or minority interests. If the LLC elects to exercise this right, the Manager shall provide written notice to the member who failed to make a required capital contribution. The notice shall include the Manager's reasonable determination of the fair market value of the member's interest in the LLC. If the member notifies the Manager that it does not accept the Manager's determination of value, the value shall be fixed by binding arbitration, to be conducted in Portland, Oregon pursuant to rules applicable to Circuit Court annexed arbitration, except that the decision of the arbitrator shall be final and not subject to appeal. The purchase price shall be payable, in cash, within thirty (30) days after determination of the purchase price. In the event of arbitration, the party whose determination of value was furthest from the determination set by the arbitrator shall pay all of the costs of such arbitration including the reasonable attorney fees and expert witness fees of the other party.

2.14 The LLC may obtain a loan or loans secured by the assets of the LLC. The maximum amount of such loans outstanding at any one time may not exceed an amount equal to twenty-five percent (25%) of the basis of the assets of the LLC without the prior written consent of members whose ownership interests represent, in the aggregate, not less than eighty-one percent (81%) of the ownership interests of all of the members. The LLC will not enter into any loan or other agreement making or purporting to make such loan recourse to any member and none of the members are obligated to guaranty any portion of the loan. However, if the LLC cannot obtain a loan without a third party credit enhancement, the Manager, or one or more affiliates of the Manager, may guaranty the loan or may obtain a third party guaranty or other credit enhancement. If the Manager, or one or more affiliates of the Manager, guarantee the Loan, the LLC shall specially allocate a priority return to the Manager in an amount equal to the prevailing market premium for guarantees similar to that undertaken, as reasonably determined by the Manager, which allocation shall be an amount equal to not less than 1.8% of the amount of the guaranty for each year or part thereof for which the guaranty remains outstanding, provided, however, if the fee is more than 1.8%, the Manager shall offer to each member the opportunity to participate in this guaranty by providing a limited back up guaranty to the parties providing the original guaranty and to receive a pro-rata share of this fee based on the amount of each member's participation. This priority return shall be allocated to the Manager before the remaining profits of the LLC are allocated to the members.

2.15 Because the LLC intends to invest in opportunities that may require the expenditure of funds by the LLC before the Manager can complete a capital call, the LLC may obtain a loan or loans from the Manager, or one or more affiliates of the Manager, to fund such short term opportunities. Such loan or loans shall bear interest at a rate equal to the one month

LIBOR rate plus 5.22% and shall be payable from the first funds available to the LLC from any source, including but not limited to payment of capital calls.

3. Meetings of the Members.

3.1 A meeting of the members shall be held upon the call of the Manager or if members holding at least forty percent (40%) of the ownership interests in the LLC sign, date and deliver to the Manager a written request for a meeting.

3.2 Meetings of the members shall be held at the offices of the Manager or any other place designated by the Manager or the member calling the meeting. Meetings may also be held by telephone conference. At any meeting, any member not physically present may attend, vote and participate by telephone.

3.3 The Manager or the member calling the meeting shall provide written notice of any meeting of the members to each member not more than sixty (60) nor less than ten (10) days before the meeting date. The notice must include a description of the purpose for which the meeting is called.

3.4 Any action of the members which can be taken at a meeting of the members may be taken without meeting if (a) a consent action request is circulated to the members in advance of the action being taken, which circulation may be by any means, including e-mail, reasonably calculated to reach the members, (b) the proportion of members which would have been required to approve such action at a meeting consents, in writing, to such action and (c) notice of the consent action is provided to the members within forty-eight (48) hours after consent is obtained.

3.5 Except where a higher percentage is expressly required by the terms of this Operating Agreement, any decision of the members shall require the affirmative vote of members holding a majority of the ownership interests in the LLC.

4. Management.

4.1 Subject to restrictions that may be imposed from time to time, the business of the LLC will be managed by Gregory Funding LLC as Manager of the LLC. The Manager may designate individuals to act for the Manager on behalf of the LLC. The extent of such individual's authority will be set forth in a memorandum of action signed by any of Irving Potter, Steve Rosenberg, Larry Mendelsohn or Russell Schaub as authorized agent of the Manager. The LLC is aware that third parties, including but not limited to securities dealers and brokers, may be given a copy of the memorandum of action designating individuals to act for the Manager on behalf of the LLC. Such third parties may rely upon the continued validity of such grant of authority unless the third party has actual knowledge that such authority has been revoked.

4.2 Except as otherwise provided in this Operating Agreement, the Manager shall have full authority to bind the LLC in all matters except a change in the nature of the business of

the LLC which must be authorized by members holding not less than eighty one percent (81%) of the ownership interests in the LLC.

4.3 The Manager may be removed only for cause and only by the vote of the members holding, in the aggregate, not less than 72% of the ownership interest in the LLC. Cause for removal shall be deemed to exist if (a) the Manager has been convicted of a criminal offense directly relating to its activities as Manager of the LLC or (b) a court of competent jurisdiction has determined in a final judgment that the Manager has engaged in willful misconduct relating to its activities as Manager of the LLC.

4.4 The LLC shall pay all expenses directly relating to the acquisition and management of the assets of the LLC, including but not limited to the LLC's attorney fees, appraisal costs, costs of insurance and third party due diligence costs. Manager shall be reimbursed by the LLC for all reasonable expenses incurred by it on behalf of the LLC for (a) professional fees incurred by it in connection with the formation of the LLC and the performance of its duties as Manager, (b) expenses incurred in connection with any transaction reviewed or entered into on behalf of the LLC to the extent not paid for by any third party and (c) any extraordinary expenses incurred in connection with the performance of its duties as Manager. The Manager shall not be reimbursed for any costs relating to the Manager's general overhead or operating costs or any ordinary compensation to its employees or principals or their affiliates. Notwithstanding the foregoing, the parties expressly acknowledge and agree that the fees set forth in Section 4.5 of this Operating Agreement are intended to compensate the Manager for all costs, other than bona fide third party costs, relating to or undertaken by the Manager arising from any due diligence, acquisition, closing or similar activities undertaken by the Manager.

4.5 In consideration of its services as Manager, the Manager shall receive:

(a) An annualized management fee equal to (a) [REDACTED] of the unpaid principal balance of all loans owned by the LLC or owned by any entity in which the LLC has a majority ownership interest plus (b) [REDACTED] of the market value of any real property owned by the LLC or owned by any entity in which the LLC has a majority ownership interest. This fee shall be payable monthly as of the last day of each calendar month and shall be paid within fifteen (15) days after the end of each calendar month. For purposes of determining the market value of the real property owned by the LLC or by any entity in which the LLC has a majority ownership interest, the real property shall be valued at the price for which the property could be sold, as reasonably determined by the Manager. The fees set forth in this section shall be reduced by an amount equal to the product of (a) the percentage ownership interest of the LLC in such entity, multiplied by (b) any management fee paid to the Manager by such entity; and

(b) An asset origination fee equal to (a) [REDACTED] of the actual cost of any loan originated or purchased by the LLC and (b) [REDACTED] of the actual cost of any real property, entity, bond or other investment vehicle acquired by the LLC excluding the acquisition of any real property in which the LLC held any interest, including any security interest, prior to the acquisition of such real property; and

(c) An asset disposition fee equal to up to [REDACTED] of the net proceeds on any individual assets fully liquidated by the LLC, by sale or payoff, which results in a net return to the LLC from the LLC's total investment in the individual asset, after accounting for any disposition fee due to the Manager, greater than a [REDACTED] % annual internal rate of return.

(d) The Manager may collect additional amounts, such as due diligence and processing fees, development and property management fees, late fees and loan modification fees directly from parties other than members of the LLC (or their respective affiliates) transacting business with the LLC, or from entities or real property in which the LLC has invested, provided, however, that the nature and amount of all such fees collected by the Manager shall be disclosed to the members, in writing, not less frequently than annually and further provided that all such fees shall be at rates no greater than those generally prevailing in the relevant market.

(e) The management fee and the asset origination fees earned by the Manager shall be paid to the Manager monthly. All additional amounts (as described in Subsection (c) above) shall be paid to the Manager when paid by the third party or when added to the outstanding balance owed if not paid by the third party.

4.6 Without limiting the generality of the Manager's authority, it is expressly agreed that, provided the Manager is at all times acting in reasonable good faith, the Manager may, in its sole discretion, take the following actions on behalf of the LLC:

a. The Manager may cause the LLC to co-invest with any other entity, including an entity in which the Manager or any member or members have a direct or indirect interest or that is managed, in whole or in part, by the Manager;

b. The Manager may roll-up the assets of the LLC into any other entity, sell all or any part of the assets of the LLC, combine the assets of the LLC with the assets of any other entity or participate with any other entity in any investment, either as the lead or as a participant in such investment;

c. The Manager may cause the LLC to borrow money and pledge any or all of the assets of the LLC as security for such debt, all upon terms and conditions as are acceptable to the Manager in its sole and absolute discretion;

d. Subject to the distribution requirements set forth in Section 6 of this Operating Agreement, the Manager may invest the cash of the LLC in investments consistent with the purposes for which the LLC has been created, provided, however, that the Manager shall not make any new investments after December 1, 2012 without the consent of members holding not less than eighty-one percent (81%) of the ownership interests in the LLC and further provided that the Manager shall not reinvest any of the proceeds from the liquidation of any asset acquired by the LLC. Additional advances or

payments made in connection with existing investments shall not be considered new investments subject to the limitations set forth in this subsection.

e. The Manager may buy back the interest of any member to the extent such buy back is required to satisfy any limitation or restriction imposed by any regulatory body having jurisdiction over the LLC or to permit the LLC to comply with any limitation or restriction which would otherwise restrict the ability of the LLC to engage in any desired transaction. The purchase price for any interest bought back by the LLC shall be determined in the manner set forth in Section 7.3 of this Operating Agreement.

f. The Manager may change the form of the LLC and make any tax elections pertaining to the LLC or its businesses, provided, however, that the Manager may not change the form of the LLC or make any such election unless (a) such change has been approved, by members whose ownership interest represent, in the aggregate, not less than eighty-one percent (81%) of the Ownership Interests of all of the members or (b) the Manager has given each member written notice of its intention to take such action or make such election and the Manager does not, within ten (10) days after the effective date of such notice, receive written objections to such action or election signed by members whose ownership interests represent, in the aggregate, not less than twenty-five percent (25%) of the Ownership Interests of all of the members.

4.7 Without limiting the authority of the Manager, it is expressly agreed that the Manager has the authority to engage in securities trading activities on behalf of the LLC and may open and manage trading and other accounts on behalf of the LLC, provided such trading activity is intended as a bona fide interest rate hedge for the LLC with a counter-party generally recognized in the industry. The Manager shall have sole authority to sell or liquidate any of the LLC's investments. The LLC expressly acknowledges that either Larry Mendelsohn or Steve Rosenberg, either acting alone, has full authority, as the agent of the Manager, to sign all documents and agreements on behalf of the LLC relating to such securities trading activities. The LLC is aware that third parties, including but not limited to securities dealers and brokers will be given a copy of this Operating Agreement to evidence the Manager and Mr. Mendelsohn and Mr. Rosenberg's authority. Such third parties may rely upon the continued validity of such grant of authority unless the third party has actual knowledge that such authority has been revoked. Any action taken ostensibly on behalf of the LLC pursuant to the grant of authority to the Manager or to Mr. Mendelsohn or to Mr. Rosenberg shall be valid and binding upon the LLC even if such authority has, in fact, been revoked unless the third party relying thereon has actual knowledge of such revocation of authority.

5. Accounting and Records.

5.1 The LLC's books and records and a register of the names and addresses of the members shall be maintained by the Manager. Each member shall have access to the books, records and register at all reasonable times.

5.2 The tax matters partner shall cause all required tax returns for the LLC to be prepared and timely filed. Within ninety (90) days after the end of each calendar year, each member shall be furnished a statement suitable for use in the preparation of the member's income tax returns, showing the amounts of any distributions, contributions, gains, and losses, profits or credits allocated to the member during the preceding year. The Manager shall serve as tax matters partner for the LLC.

6. Distributions.

6.1 At least once in each calendar quarter, the LLC shall distribute to the members and the Manager, an amount equal to ninety percent (90%) of the Available Funds of the LLC. Available Funds shall consist of all proceeds received from all sources, including but not limited to payments on loans and the sale of any asset of the LLC less the sum of (a) cash expenses, (b) reserves for unrealized losses, c) reserves for management fees and management special allocation, and (d) reserves for other expenses. Available Funds shall not include proceeds from capital calls not yet disbursed by the LLC. All reserves shall be established by the Manager in its sole and reasonable discretion.

6.2 Distributions of Available Funds will be made in the following order and priority:

a. to the Manager until the Manager receives the priority return on funds guaranteed pursuant to Section 2.15, if applicable;

b. pro rata among the Members in accordance with their respective Ownership Interests until each Member has received a [REDACTED] % cumulative rate of return on such member's Net Contributed Capital, compounded annually;

c. to the Members pro rata in accordance with their respective Ownership Interests until each Member has received distributions under this Section 6.2 (c) equal to its Net Contributed Capital;

d. to the Manager until the Manager has received distributions equal to [REDACTED] of all funds distributed by the LLC pursuant to Sections 6.2 (b) and (d) of this Operating Agreement, then

e. [REDACTED] to the Manager and [REDACTED] to the Members pro rata in accordance with their respective Ownership Interests.

6.3 In the event of the liquidation of the LLC, distributions will be made in accordance with Section 6.2 of this Operating Agreement.

6.4 If, upon termination of the LLC, it is determined that the Manager has received distributions greater than the share of the profits of the LLC to which it would be

entitled for the entire life of the LLC, the Manager shall promptly repay to the LLC an amount equal to such excess distribution.

7. Transfers and Withdrawals.

7.1 No member may voluntarily withdraw from the LLC or transfer all or any portion of such member's interest in the LLC without the consent of the Manager. In the event any member or assignee therefrom pledges or otherwise encumbers any of such member's interests in the LLC as security, such pledge or transfer shall not constitute a transfer of the member's interest but shall only transfer the member's right to receive distributions from the LLC, if any. Notwithstanding the foregoing, any member may transfer all or any part of such member's ownership interest to another member of the LLC without restriction.

7.2 The death or bankruptcy of an individual member or the dissolution or bankruptcy of a member which is an entity, shall, subject to this Section 7.2, constitute the involuntary withdrawal of the member from the LLC. Upon such withdrawal, the LLC shall have the right to (a) purchase the interest of the withdrawing member for an amount equal to the withdrawing member's percentage of the fair market value of the LLC taken as a whole, or (b) accept the successor in interest of the withdrawing member as a new member, in which case the successor shall automatically become a member subject to all of the terms and conditions of this Operating Agreement upon execution by the successor in interest of a Membership Admission Agreement in substantially the form of Exhibit B. As a condition to acceptance of a successor, the prospective successor must provide the LLC with such information relating to the successor as the Manager shall request. The LLC shall, within thirty (30) days after the date of the event causing the withdrawal, and receipt of any requested information, notify the representative of the withdrawing member of its election. Failure to give such notice shall constitute an election to accept the successor in interest as a new member.

7.3 If the LLC elects to purchase the interest of the withdrawing member pursuant to the provisions of Section 7.2 of this Operating Agreement, its notice shall include its determination of the value of the LLC taken as a whole after deducting fees and special allocations due to the Manager. The LLC's determination of the value of the LLC shall value each loan owned by the LLC at the lesser of (a) sixty percent (60%) of the value of the real property that secures the loan, as set forth in a broker price opinion (BPO) obtained by the LLC within twelve months of the valuation date or (b) eighty percent (80%) of the unpaid principal value of the Loan and shall value any real property owned by the LLC at not more than (60%) of the value of the real property as set forth in a BPO obtained by the LLC within twelve months of the valuation date. This amount shall be used to determine the purchase price for the interest of the withdrawing member unless, within ten (10) days thereafter, the representative of the withdrawing member notifies the LLC that it does not agree with this valuation. Such notice must state the value determined by the representative of the withdrawing member. The LLC shall, in turn, notify the representative within ten (10) days after such notice, whether it is willing to accept the representative's valuation, in which event the representative's valuation shall be used to determine the purchase price for the withdrawing member's interest. If the LLC notifies the representative that it does not accept the representative's determination of value, the value

shall be fixed by binding arbitration, to be conducted in Portland, Oregon pursuant to rules applicable to Circuit Court annexed arbitration, except that the decision of the arbitrator shall be final and not subject to appeal. The purchase price shall be payable, in cash, within thirty (30) days after determination of the purchase price. In the event of arbitration, the party whose determination of value was furthest from the determination set by the arbitrator shall pay all of the costs of such arbitration including the reasonable attorney fees and expert witness fees of the other party.

7.4 Notwithstanding Section 7.1, the voluntary withdrawal of any member shall be effective six (6) months after written notice thereof is given to the Manager and shall constitute a breach of this Operating Agreement for which the LLC and the other members shall have the remedies provided by the Act.

8. Dissolution.

8.1 The LLC shall dissolve upon the earliest to occur of (a) approval of dissolution by members holding not less than eighty percent (80%) of the ownership interests in the LLC, or (b) such time as all assets of the LLC consists of cash or liquid assets readily convertible to cash or (c) September 30, 2017, provided, however, this date may be extended for additional periods of one year each upon the request of the Manager and with the approval of members holding not less than 66.6% of the Ownership Interests.

8.2 Upon the dissolution of the LLC the Manager shall wind up the affairs of the LLC in accordance with the provisions of the Act.

8.3 Assets of the LLC will be disbursed in liquidation in accordance with Section 6 of this Operating Agreement.

9. Amendments. The members may amend the provisions of this Operating Agreement by approval of members holding not less than eighty-one percent 81% of the ownership interests in the LLC. Provisions relating to compensation of the Manager are intended for its benefit and may only be amended with the consent of the Manager. Notwithstanding the foregoing, the Manager may amend this Operating Agreement to comply with any requirements of law or any lender providing credit to the LLC so long as, in the Manager's reasonable sole discretion, the amendment does not materially and adversely affect the rights of any member.

10. Dispute Resolution. Any dispute among the members or between the members, the Manager, the LLC or any combination thereof shall be resolved by binding arbitration to be conducted in Portland, Oregon pursuant to the rules applicable to Circuit Court annexed arbitration except the rules relating to appeal. In any such dispute the laws of the State of Oregon shall apply. A party substantially prevailing in the arbitration shall be entitled to recover from the other party or parties its costs and reasonable attorney fees incurred in connection with the arbitration as determined by the arbitrator. Judgment upon the arbitration award may be entered in any court having jurisdiction.

11. Benefits of this Operating Agreement. The provisions of this Operating Agreement are intended solely for the benefit of the members and the Manager and, except for provisions included expressly for the benefit of the Manager, shall create no rights or obligations enforceable by any third party, including creditors of the LLC, except as otherwise provided by applicable law.

12. Notice. Any notice required under this Operating Agreement shall be in writing and shall be effective on the earliest to occur of (a) actual delivery which may include actual delivery by e-mail or other electronic means, (b) two (2) days after it is placed in the U.S. Mail, postage prepaid, with return receipt requested, addressed to the last known address of the party to whom it is addressed, or to such other address as the party may have provided to the LLC by notice, (c) two (2) days after it is sent using a commercial next day delivery service, addressed to the last known address of the party to whom it is addressed, or to such other address as the party may have provided to the LLC by notice or (d) when received on a facsimile machine operating at the principal place of business of such party or the place designated by such party by notice to the LLC, provided a copy thereof is immediately sent by U.S. Mail address to the last known address of the party to whom it is addressed or to such other address as the party may have provided to the LLC by notice.

13. Applicability of Securities Laws.

13.1 Each member has made an independent determination of the suitability of such member's involvement in the LLC. Each member has concluded that, except for liability purposes, the LLC is an association in the nature of a partnership and that such member's interest does not constitute a security to which federal securities and state blue sky laws apply.

13.2 Each member has represented to the LLC and to each other member (a) that such member is an Accredited Investor as that term is defined under applicable state and federal securities laws, in that such member is either (i) an entity (other than a trust) not formed for the specific purposes of acquiring an interest in the LLC, with total assets in excess of U.S. \$5,000,000 or (ii) an entity (other than a trust) in which all of the equity owners are accredited investors or (iii) an individual which either has a net worth, with his or her spouse, of in excess of One Million Dollars (\$1,000,000) excluding the value of the individual's personal residence or had an income in excess of \$200,000, excluding such member's spouse or \$300,000 jointly with such member's spouse in each of the two most recent years and (b) that such member is acquiring an interest in the LLC as a principal for the purpose of investment and not with a view to resale or distribution.

13.3 Each member acknowledges and represents to the LLC and to each other member that such member is aware that membership interests in the LLC have not been registered as securities and, except as expressly authorized in this Operating Agreement, are absolutely non-transferable unless the Manager, in its sole and absolute discretion, consents to such transfer.

13.4 Each member acknowledges and represents to the LLC and to each other member that such member has had the opportunity to inquire into the details of the LLC's planned activities and that such member has obtained all information which such member feels is necessary to allow the member to evaluate the decision to become a member of the LLC. Each member acknowledges that it is aware that the LLC intends to engage in complicated, high risk investments and that investment in the LLC involves a high degree of risk that is only suitable for a sophisticated investor. Each member waives, to the maximum extent permitted under applicable law, any claim, known or unknown, against the Manager or any other member or anyone affiliated in any manner with the Manager or any other member, relating to its decision to invest in or become a member of the LLC.

13.5 Provisions relating to the suitability and risk of investing in the LLC are set out more fully in the Membership Admission Agreement signed by each member, the terms and provisions of which are incorporated herein as if fully set forth in this Operating Agreement. Each member represents that it has read and signed a Membership Admission Agreement in the form of Exhibit B.

14. Legal Representation. This Operating Agreement has been prepared by Josselson & Potter as attorneys for the LLC. The members are aware that Josselson & Potter has represented and continues to represent certain members of the LLC and the Manager in other business transactions. The members acknowledge that they are aware that such representation presents a potential conflict of interest. Josselson & Potter has informed the members that it believes there are no actual conflicts between the LLC and its members in connection with the formation of the LLC. To the extent a waivable conflict of interest exists in connection with the representation by Josselson & Potter of the LLC and individual members of the LLC, the members and the LLC expressly waive such conflict.


This Operating Agreement effective as of September 10, 2012.

AS PELEUS LLC

By its manager Gregory Funding LLC

By  _____
Its authorized agent

GREGORY FUNDING LLC

By  _____
Its authorized agent

MEMORANDUM OF ACTION

BY

GREGORY FUNDING LLC

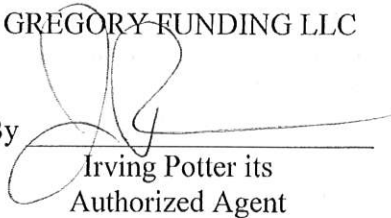
DESIGNATION OF INDIVIDUALS

Pursuant to the Operating Agreement of AS Peleus LLC (the "LLC") Gregory Funding LLC, the Manager of the LLC hereby designates Irving Potter, Russell Schaub, Larry Mendelsohn and Steve Rosenberg, as individuals designated to act for the Manager in all matters on behalf of the LLC. Third parties may rely upon the continued validity of this grant of authority unless the third party has actual knowledge that such authority has been revoked.

This Memorandum effective as of September 10, 2012.

GREGORY FUNDING LLC

By



Irving Potter its
Authorized Agent