OPERATING AGREEMENT

FOR

KC CAPITAL FUND LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR REGISTERED NOR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS AND CONDITIONS WHICH ARE SET FORTH HEREIN.

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This Operating Agreement for KC Capital Fund LLC (this "Agreement") is made effective as of August 1, 2015 (the "Effective Date"), by and among the parties listed on the signature pages hereof, and such other Persons that may be admitted from time to time to the Company and as parties to this Agreement, with reference to the following facts:

A. KC Capital Fund LLC, a California limited liability company (the "Company"), was formed by filing the Articles (as defined below) with the California Secretary of State on or about August 1, 2015. Prior to the Articles being filed, the Company was a limited partnership known as KC Capital Fund, L.P., a California limited partnership (the "Converted LP"). The Company is a continuation of the Converted LP for federal income tax purposes.

B. The Converted LP was governed by that certain Limited Partnership Agreement of KC Capital Fund L.P. dated October 21, 2013 ("Limited Partnership Agreement"). The partners of the Converted LP desire to enter into this Agreement to govern the affairs of the Company from and after the date of the conversion. As of the Effective Date, this Agreement is intended to supersede the Limited Partnership Agreement in its entirety and to provide terms to govern the Company.

NOW, THEREFORE, the parties by this Agreement set forth the operating agreement for the Company under the laws of the State of California upon the terms and subject to the conditions of this Agreement.

ARTICLE I. DEFINITIONS

When used in this Agreement, the following terms shall have the meanings set forth below (all terms used in this Agreement that are not defined in this Article I shall have the meanings set forth elsewhere in this Agreement):

1.1. Act. The California Revised Uniform Limited Liability Company Act (California Corporations Code Section 17701.01 et seq.), as amended from time to time.

1.2. Additional Member. A Person admitted to the Company as an additional Member pursuant to Section 4.1 and shown as a Member on the books and records of the Company.

1.3. Affiliate. Any Person directly or indirectly controlling, controlled by or under common control with a Member or Manager. The term "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

1.4. Agreement. This Agreement, as originally executed and as amended from time to time.

1.5. Articles. The Articles of Organization-Conversion for the Company required by the Act to convert the Converted LP.

1.6. Authorized Units. Authorized Units has the meaning given to such term in Section 3.1.

1.7. Bankruptcy. The term Bankruptcy shall mean, and a Member shall be deemed a "Bankrupt Member," on: (i) the filing of an application by a Member for relief by such Member or that Member's consent to the appointment of a trustee, receiver or custodian of that Member's other assets; (ii) the entry of a decree or order for relief against the Member by a court of competent jurisdiction in any involuntary case brought against the Member under any bankruptcy, insolvency or other similar law (collectively, "debtor relief laws") generally affecting the rights of creditors and relief of debtors now or hereafter in effect; (iii) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar agent under applicable debtor relief laws for the Member or for any substantial part of that Member's assets or property; (iv) the ordering of the winding up or liquidation of the Member's affairs; (v) the filing of a petition in any involuntary Bankruptcy case, which petition is not dismissed within one hundred twenty (120) days of filing or which is not dismissed or suspended pursuant to Section 305 of the Federal Bankruptcy Code (or any corresponding provision of any future United States debtor relief law now or hereafter in effect); (vi) the consent by the Member to the entry of an order for relief in an involuntary case under any such law or to the appointment of or the taking of possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar agent under any applicable debtor relief laws for the Member or for any substantial part of that Member's assets or property; or (vii) the making by a Member of any general assignment for the benefit of creditors.

1.8. Capital Account. With respect to any Member the capital account which the Company establishes and maintains for such Member pursuant to Section 3.5.

1.9. Capital Contribution. The total amount of cash and property contributed to the Company by the Members.

1.10. Claim. Claim shall have the meaning given to such term in Section 13.20(a).

1.11. Class A Member. Each Person (i) holding a Class A Unit and (ii) admitted to the Company as a Member.

1.12. Class A Unit. A Unit designated on the date of issuance as a "Class A Unit." Class A Units are voting interests in the Company.

1.13. Class B Member. Each Person (i) holding a Class B Unit and (ii) admitted to the Company as a Member.

1.14. Class B Unit. A Unit designated on the date of issuance as a "Class B Unit." Class B Units are voting interests in the Company.

1.15. Code. The Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Treasury Regulations.

1.16. Company. The meaning given to such term in the preamble to this Agreement.

1.17. Manager's Counsel. The meaning given to such term in Section 13.1.

1.18. Disability. The inability of a Member to substantially perform the services such Member regularly performs in connection with or on behalf of the Company due to physical or mental impairment where such impairment continues for a period of more than one hundred and eighty (180) consecutive days or for more than one hundred and twenty (120) working days in any two hundred and forty (240)-day period.

1.19. Distributable Cash. The amount of cash which the Manager deems available for distribution to the Members, taking into account all debts, liabilities and obligations of the Company then due, and working capital and other amounts which the Manager deems necessary for the Company's business or to place into reserves for actual or potential claims with respect to such business.

1.20. Effective Date. The meaning set forth in the preamble.

1.21. Electronic Transmission by the Company. A communication (a) delivered by (1) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with the Company, (2) posting on an electronic message board or network that the Company has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof, or (3) other means of electronic communication, (b) to a recipient who has provided an unrevoked consent to the use of those means of transmission, and (c) that creates a record that is capable of retention, retrieval and review, and that may thereafter be rendered into clearly legible tangible form. However, an electronic transmission by the Company to a Member is not authorized unless, in addition to satisfying the requirements of this section, the transmission satisfies the requirements applicable to consumer consent to electronic records as set forth in the Electronic Signatures in Global and National Commerce Act (15 U.S.C. § 7001(c)(1)).

1.22. Encumbrance. With respect to any Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest, option or preferential right to purchase.

1.23. Fiscal Year. The Company's Fiscal Year, which shall commence on January 1st and end on December 31st of each year, or such other year as shall be required under the Code.

1.24. Incompetence. A Member is totally without understanding, or is of unsound mind, or suffers from one or more mental deficits so substantial that, under the circumstances, the Member is deemed to lack the legal capacity to contract or to make a conveyance, as determined in a manner consistent with California Probate Code Section 811.

1.25. Interest. The entire ownership interest (designated as any Units in the Company) of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which a Member may be entitled as provided in this Agreement, together with the obligations of such Member to comply with all the terms and provisions of this Agreement.

1.26. Involuntary Transfer. With respect to any Interest, or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver or assignee for the benefit of creditors; provided, however, that the repurchase by the Company of any Units as provided in this Agreement shall not constitute an Involuntary Transfer.

1.27. Lender Affiliate. Any entity operated and controlled by the shareholders of K&C Investments, Inc., a California corporation.

1.28. Majority-in-Interest. Members holding, in the aggregate, a number of Units in excess of fifty percent (50%) of the total number of issued and outstanding Units held by all the Members.

1.29. Manager. K&C Investments, Inc., a California corporation, or any other individuals that succeed the Manager of the Company elected by the Members pursuant to Section 5.3 hereof.

1.30. Member. Each Person who is an initial signatory to this Agreement or has been admitted to the Company as a Member in accordance with this Agreement.

1.31. Option Date. Option Date shall have the meaning given to such term in Section 8.4.

1.32. Percentage Interest. A percentage, rounded to the nearest thousandth, representing a Member's Interest relative to the Interests of all other Members derived by dividing the number of Units held by a Member at any particular time by the total number of Units issued and outstanding at that same point in time.

1.33. Person. An individual, partnership, limited partnership, limited liability company, corporation, trust, estate, association or any other entity.

1.34. Preferred Return. Preferred Return shall initially mean a seven percent (7%) annual return on each Member's Undistributed Capital (as defined in Section 1.49 below). Any amount of the Preferred Return remaining unpaid at the end of any calendar year shall be accrued on the Company's books as an "Accrued Preferred Return" and cumulated with any unpaid accrued Preferred Returns from prior years. The cumulative amount of all unpaid accrued Preferred Returns from prior years is hereinafter referred as the "Accrued Preferred Return." The amount of the Preferred Return can be adjusted from time to time by the Manager as described in Section 6.7, below.

1.35. Profits and Losses. For each Fiscal Year or other period, the taxable income or taxable loss of the Company for such period determined in accordance with Code Section 703(a)

(for this purpose, all items of income, gain, loss or deduction required to be separately stated pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss.

(b) any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits and Losses, shall be subtracted from such taxable income or loss;

(c) any income, gain, loss, or deduction required to be allocated specially to the Members under Section 6.2 shall not be taken into account in computing Profits or Losses;

(d) in lieu of any depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the Company shall compute such deductions based on the book value of the Company property, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3);

(e) gain or loss resulting from a taxable disposition of Company property shall be computed by reference to the book value of the property disposed of (as adjusted under Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3)), notwithstanding that the adjusted tax basis of such property differs from its book value; and

(f) if the book value of Company assets is adjusted to equal fair market value as provided in Section 6.7, then the Profits or Losses shall include the amount of any increase or decrease in such book values attributable to such adjustment.

1.36. Securities Act. The meaning given to such term in Section 12.6.

1.37. Selling Member. The meaning given to such term in Section 8.4.

1.38. Service. The meaning given to such term in Section 13.20(b).

1.39. Spousal Interest. The meaning given to such term in Section 8.3(a).

1.40. Subject Member. The meaning given to such term in Section 8.3(a).

1.41. Super Majority-in-Interest. Members holding, in the aggregate, a number of Units in excess of seventy-five percent (75%) of the total number of issued and outstanding Units held by all the Members.

1.42. Tax Matters Partner. The Person designated as set forth in Section 5.11.

1.43. Transfer. With respect to an Interest, or any element thereof, any sale, assignment, gift or other disposition, directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.

1.44. Transfer Notice. The meaning given to such term in Section 7.5(a).

1.45. Transferable Interest. A Person's right to share in the income, gains, Profits and Losses, deductions, credits or similar items of, and to receive distributions from, the Company, but not any other rights of a Member including, without limitation, the right to vote or to participate in management of the Company or, except as provided in California Corporations Code Section 17705(c), any right to information concerning the business and affairs of the Company.

1.46. Transferor Member. Transferor Member shall have the meaning given to such term in Section 7.5.

1.47. Treasury Regulations. The income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.48. Triggering Event. The meaning given to such term in Section 8.1.

1.49. Undistributed Capital. For each Member, the aggregate amount of Capital Contributions made by such Member, reduced by the amount of Distributions received by such Member in excess of the current Preferred Return and the Accrued Preferred Return. Each Member's Undistributed Capital shall be determined by the Company's accountant at the end of each calendar year.

1.50. Unaffected Members. The meaning given to such term in Section 8.1.

1.51. Unit. That undivided Interest in the Company owned by a Member, including, without limitation, such Member's rights to Profits, Losses and distributions of the Company. Fractional Units are permitted, except that they shall only be carried out to the nearest thousandth.

ARTICLE II. ORGANIZATIONAL MATTERS

2.1. Formation. The Members have formed a California limited liability company under the laws of the State of California by filing the Articles with the California Secretary of State and entering into this Agreement. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

2.2. Name. The name of the Company shall be KC Capital Fund LLC.

2.3. Term. The Company commenced on the Effective Date and shall continue until terminated in accordance with the terms of this Agreement.

2.4. Office and Agent. The Company's principal place of business shall be located at 950 Northgate Drive, Suite 204, San Rafael, CA 94901, or such other place(s) as the Manager determines from time to time. The initial agent for service of process on the Company shall be Michael Caldwell, 950 Northgate Drive, Suite 204, San Rafael, CA 94901. The Manager may from time to time change the Company's agent for service of process.

2.5. Names and Addresses of the Members. The names and addresses of the Members shall be listed on the roster of investors which shall be maintained by the Manager. A Member may change its address upon notice thereof to the Company.

2.6. Purpose of the Company. The purpose of the Company is to provide funding to KC Capital, LLC, a Washington limited liability company, and any other Lender Affiliate. The Company shall have all other powers necessary to or reasonably connected with such activities and engage in any lawful activity for which a limited liability company may be organized under the Act.

2.7. Title to Company Property. All property owned by the Company shall be deemed to be owned by the Company as an entity, and no Member, individually, shall have any ownership interest in any such property.

2.8. Failure to Observe Formalities. A failure to observe any formalities or requirements of this Agreement or the Act shall not be grounds for imposing personal liability on the Members or the Managers for liabilities of the Company.

2.9. Liability of Members and Managers to Third Parties; Reliance by Third-Party Creditors.

(a) Except as otherwise provided in the Act, no Member or Manager shall be personally liable for any debt, obligation or liability of the Company, whether arising in contract or otherwise, by reason of being a Member or acting as a Manager of the Company.

(b) This Agreement is entered into among the Company and the Members for the exclusive benefit of the Company, its Members, and their successors and assigns. This Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Agreement or any agreement between the Company and any Member with respect to any contributions or otherwise.

ARTICLE III. AUTHORIZED UNITS, CAPITAL CONTRIBUTIONS AND REPURCHASE OPTION

3.1. Authorization and Issuance of Units.

(a) The Company shall be authorized to issue an aggregate of up to 1,100 Units (the "Authorized Units"). The Company shall be authorized to issue two (2) classes of Units as follows:

Class of Units	Number of Units Authorized
Class A Units	100
Class B Units	1,000
Total	1,100

(b) The holders of each class of Units shall be entitled to the rights, subject to the obligations set forth herein, ascribed to such class. Any holder of a class of Units shall be referred to as a Member of such class of Units (e.g., a holder of Class A Units shall be referred to as a Class A Member). Any holder of more than one class of Units shall have separate rights under this Agreement with respect to each class of Units held by such Member. For example, a holder of Class A Units and Class B Units shall be referred to and shall be treated separately in his, her or its separate capacities as a Class A Member and a Class B Member.

(c) The Manager, at its sole discretion, shall have the power to issue the Authorized Units on the terms and conditions determined by the Manager without the consent of the Members or amendment of this Agreement, and any additional issuances of Units shall be dilutive proportionately to all Members. The issuance of Units in excess of the Authorized Units shall require the consent of the Manager and a Majority-in-Interest.

3.2. Initial Capital Contributions. Each Member shall initially have the number of Class B Units equal to such Members capital account in the Converted LP on the date of the conversion, divided by $50,000. Each such Class B Member's accrued but unpaid preferred return shall carry over as an obligation of the Company on the conversion. 100 Class A Units shall initially be issued to the General Partner with respect to the conversion of its general partnership interest. The Class A Member shall initially receive a capital account equal to its capital account in the Converted LP.

3.3. Additional Capital Contributions. Additional Capital Contributions shall be made only with the approval of the Manager. No Member shall be required to make an additional Capital Contribution.

3.4. Capital Accounts. The Company shall establish and maintain an individual Capital Account for each Member in accordance with generally accepted accounting principles. If a Member transfers all or a part of its Units in accordance with this Agreement, such Member's Capital Account attributable to the transferred Units shall carry over to the new owner of such Units pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(l).

3.5. Rights Regarding Capital Contributions.

(a) No Member shall be entitled to interest on any Capital Contribution, and no Member shall have the right to withdraw or to demand the return of all or any part of its Capital Contribution, except as specifically provided in this Agreement.

(b) Under circumstances requiring a return of any Capital Contribution, no Member shall have the right to receive property, other than cash, except as may be specifically provided herein.

(c) No Member shall have personal liability for the repayment of the Capital Contribution of any Member or any obligation to make loans or advances to the Company, including restoration of a deficit Capital Account.

3.6. Deficit Capital Accounts. Notwithstanding anything to the contrary contained in this Agreement, and notwithstanding any custom or rule of law to the contrary, to the extent that any Member's Capital Account has a deficit balance upon dissolution of the Company, such deficit shall not be an asset of the Company and such Member shall not be obligated to contribute such amount to the Company to bring the balance of such Member's Capital Account to zero.

3.7. Conversion. Neither Class A Units nor Class B Units are convertible into any other class of Units.

3.8. Repurchase Option.

(a) The Company has an irrevocable option to, at any time with ten (10) days prior notice, repurchase all or any portion of the Class B Units held by a Class B Member at a repurchase price equal to the Class B Members Undistributed Capital plus an amount equal to such Member's unpaid Accrued Preferred Return as of the date of such repurchase (collectively, with the repurchase price, the "Repurchase Purchase Price"). The closing for the repurchase shall take place in the manner set forth in Section 8.6 below, except that the closing shall take place no later than forty-five (45) days after the Company provides a Class B Member with notice that it will repurchase all or a portion of such Member's Class B Units. The Company shall at the closing pay the Repurchase Purchase Price in full by cash or check. Upon the payment of the Repurchase Purchase Price, the Company shall become the legal and beneficial owner of the Class B Units being repurchased and all rights and interest therein or related thereto, and the Company shall have the right to cancel the number of Class B Units being repurchased by the Company, without further action by the Class B Member whose Class B Units are being repurchased. Class B Units repurchased by the Company shall be available for future re-issuance by the Company.

(b) Any holder of Class B Units has the option to, at any time after such Class B Units are held for at least six (6) months by such holder (including, if applicable, the holding period of any predecessor in interest), provide written notice to the Company (the "Holder Request") that such holder requests that the Company repurchase all of his, her or its Class B Units at the Repurchase Purchase Price (as defined in Section 3.8(a) above). The Company shall honor any such request and repurchase such Class B Units, unless the Manager determines, in the Manager's sole discretion, that the Company does not have sufficient cash available for such repurchase, taking into account all debts, liabilities and obligations of the Company then due, and working capital and other amounts which the Manager deems necessary for the Company's business or to place into reserves for actual or potential claims. The Company shall provide a response to the requesting Class B Member in writing (the "Company Response") within thirty (30) days of receipt by the Company of the Holder Request. If the Company grants a Holder Request, then the Company shall at the closing pay the Repurchase Purchase Price in full by cash or check. The closing for the repurchase shall take place in the manner set forth in Section 8.6 below, except that the closing shall take place no later than forty-

five (45) days after the Company provides the requesting Class B holder with the Company Response. Class B Units repurchased by the Company shall be available for future re-issuance by the Company.

ARTICLE IV. MEMBERS

4.1. Procedures for Admission. To effect the admission of a Member (including any Additional Member) to the Company, the Manager shall require the Person to be so admitted to the Company to execute and deliver a counterpart signature page to this Agreement (including, if applicable, the spousal consent) specifying the date of admission, such Person's name and address, such Person's Capital Contribution (if any) and the number of Units acquired thereby. The Manager shall attach such counterpart signature page as a signature page to this Agreement. Notwithstanding the foregoing, a Member of the Company who purchases or otherwise acquires additional Units, whether of the same class or a different class, shall not (unless the Managers otherwise determines) be required to re-execute a signature page to this Agreement, it being agreed and understood that the obligations, rights, preferences and privileges resulting from this Agreement as applied to any Member shall take into account all Units held by such Member from time to time. Notwithstanding the foregoing, the Company may require a Person who purchases or otherwise acquires additional Units in the Company to re-confirm the investment representations contained in Article XII of this Agreement as a condition to acquiring any such additional Units.

4.2. Limited Liability. Except as required by law or pursuant to the terms of a separate agreement executed by a Member, no Member shall be personally liable for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise.

4.3. Withdrawals or Resignations. No Member shall have the right or power to voluntarily withdraw or resign as a Member from the Company. For purposes of this Section 4.3, the repurchase by the Company of all of the Units held by a Member shall not be deemed to be a voluntary withdrawal or resignation of such Member.

4.4. Competing Activities. Except as may be provided in a separate agreement between the Company and a Member, the Members and their Affiliates may engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the Company's business and that might be in direct or indirect competition with the Company. Neither the Company nor any other Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom. Except as may be provided in a separate agreement between the Company and a Member, the Members shall not be obligated to present any investment opportunity or prospective economic advantage to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by the Company. The Members shall have the right to hold any investment opportunity or prospective economic advantage for their own account or to recommend such opportunity to Persons other than the Company. Each Member acknowledges that the other Members and their Affiliates conduct other businesses, including businesses that may compete with the Company and for the Members' time. Each Member hereby waives any and all rights and claims that they may otherwise have against the other

Members and their Affiliates as a result of any of such activities. Notwithstanding anything to the contrary in this Agreement, no Member shall, during the time when he, she or it holds any Transferable Interest or Interest in the Company and for one (1) year thereafter, either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or attempt to solicit, induce, recruit, encourage or take away employees or consultants of the Company, either for the benefit of the Member or for any other Person. The parties agree that, notwithstanding anything to the contrary in this Agreement, if any Member violates the non-solicitation restriction set forth in the foregoing sentence, the Company has the exclusive right to purchase the Interest of such Member upon the terms set forth in Sections 8.4, 8.5 and 8.6 below.

4.5. Transactions with the Company. With the prior approval of the Manager, a Member may lend money to and transact other business with the Company. Subject to applicable law, such Member has the same rights and obligations with respect thereto as a Person who is not a Member.

4.6. Remuneration to Members. No Member is entitled to remuneration by virtue of being a Member.

4.7. Members are not Agents. Pursuant to Section 5.1, the management of the Company is vested in the Manager. The Members shall have no power to participate in the management of the Company except as expressly authorized by this Agreement or as expressly required by the Act. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by the Manager, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

4.8. Voting Rights. Each holder of Class A and Class B Units shall have voting, approval and consent rights, but only as expressly provided in this Agreement or as required by the Act. For purposes of determining the voting interest of a Member, a Member's voting power shall be based upon the aggregate number of Units held by such Member and eligible to be considered for any particular vote, consent or approval. Only issued and outstanding Units shall be considered when calculating any vote, consent or approval.

4.9. Ledger for Units. The Company shall maintain, in such form as the Manager may approve from time to time, a ledger showing the number of Units owned by each Member.

4.10. Meetings of and Voting by Members.

(a) An annual meeting of Members may be held on such date, time and place, either within or outside of the State of California, as may be designated by resolution of the Manager each year. Annual meetings of Members shall not be required.

(b) A special meeting of the Members may be called at any time by the Manager or by one or more Members holding Units in the aggregate entitled to cast not less than ten percent (10%) of the votes at that meeting. All notices of meetings of the Members shall be in writing and shall be sent not less than ten (10) nor more than sixty (60) days before the date of the meeting. Any such notice shall be addressed or delivered to each Member entitled to vote at

such Member's address as it is shown upon the records of the Company or as given by the Member to the Company for the purpose of notice. Notice of any meeting of the Members shall be given personally, by Electronic Transmission by the Company or by mail or other means of written communication. Notice shall be deemed to have been given three (3) business days after being sent by first-class mail, postage prepaid, one (1) business day after being deposited with a national overnight delivery service, at the time it is delivered personally, at the time it is delivered by Electronic Transmission by the Company or at the time it is delivered by other means of written communication.

(c) Members may participate in a meeting through use of conference telephone, electronic video screen communication, or other communications equipment, so long as all Members participating in such meeting can hear one another.

(d) Any action required or permitted to be taken by the Members may be taken without a meeting, if a consent in writing, setting forth the action so taken, is signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Such action by written consent shall have the same force and effect as an approval of the Members.

ARTICLE V. MANAGEMENT AND CONTROL OF THE COMPANY

5.1. Management by Managers. Subject to the provisions of this Agreement relating to actions required to be approved by the Members, the business, property and affairs of the Company shall be managed, and all powers of the Company shall be exercised by or under the direction of the Managers.

5.2. Meetings of Managers. Any action required or permitted to be taken by the Managers then in office may be taken by the Managers without a meeting, if a majority of the Managers then in office consent in writing to such action. Such action by written consent shall have the same force and effect if taken at a meeting of the Managers, however, nothing in this Section 5.2 or in this Agreement is intended to require that meetings of Managers be held, it being the intent of the Members that meetings of Managers are not required.

5.3. Election of Managers.

(a) Number, Term, and Qualifications. The Company shall initially have one (1) Manager. K&C Investments, Inc. shall serve as the Manager. The number of Managers may be changed from time to time by a vote of a Majority-in-Interest of the Members. A Manager shall continue to serve as Manager until such Manager resigns or is removed in accordance with the terms of this Agreement. A Manager may, but need not be, a Member.

(b) Resignation. Any Manager may resign at any time by giving written notice to the Members and remaining Managers. The resignation of any Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice, unless the resignation leaves no other acting Manager. In that event, the Manager's resignation shall be effective upon the election and qualification of a successor Manager as provided herein. Unless

otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

(c) Removal. The Manager may be removed at any time, with or without cause, by the affirmative vote of a Super Majority-in-Interest of the Members at a meeting called expressly for that purpose.

(d) Vacancies. Any vacancy occurring for any reason on the Managers shall be filled by the remaining Managers. If at any time, by reason of death or resignation or other cause, the Company shall have no remaining Manager in office, then such vacancies shall be filled by a vote of the Members holding a Majority-in-Interest.

5.4. Powers of Manager.

(a) Powers of Manager. The Manager shall participate in the direction, management and control of the business of the Company to the best of such Manager's ability. The Manager may appoint one (1) or more officers and, subject to this Agreement, may delegate to those officers the authority to manage the day-to-day operations of the Company. Without limiting the generality of Section 5.1, but subject to Section 5.4(b) and to the express limitations set forth elsewhere in this Agreement, the Manager shall have all necessary powers to manage and carry out the purposes, business, property and affairs of the Company, including, without limitation, the power to exercise on behalf and in the name of the Company all of the powers described in the Act.

(b) Limitations on Power of Manager. Notwithstanding any other provisions of this Agreement, the Manager shall not have authority hereunder to cause the Company to engage in the following transactions without first obtaining the affirmative vote or written consent of the Members holding a Majority-in-Interest:

(i) Any act which would alter or change the rights, preferences or privileges of the Class A Units or Class B Units so as to adversely affect such Units (it being agreed and understood, however, that neither the repurchase of any outstanding Units, the issuance of additional Units, nor a change in the Preferred Return Rate in accordance with this Agreement shall be deemed to alter or change the rights, preferences or privileges of any Units);

(ii) To authorize or issue, or obligate itself to issue, any Units in excess of the Authorized Units; and

(iii) To increase or decrease the authorized number of Class A Units or Class B Units.

(c) Creation of Committees. The Manager may create committees to assist the Manager and the officers in the governance of areas of importance to the Company. Subject to the terms of this Agreement, such committees shall have such powers and perform such duties as may be prescribed by the resolutions creating such committees.

5.5. Performance of Duties; Liability of Manager; Fiduciary Standard. The Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the

Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, reckless or intentional misconduct, or a knowing violation of law by the Manager. The Manager shall perform the Manager's duties in good faith, in a manner the Manager reasonably believes to be in the best interests of the Company and its Members, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager who performs the duties of Manager in compliance with this Section 5.5 shall not have any liability by reason of being or having been a Manager of the Company.

5.6. Devotion of Time. Except for a Manager who is an employee of the Company, the Managers is not obligated to devote all of the Manager's time or business efforts to the affairs of the Company. The Manager shall devote whatever time, effort and skill as the Manager deems appropriate for the operation of the Company.

5.7. Transactions Between the Company and the Manager. Notwithstanding that it may constitute a conflict of interest, the Manager may, and may cause the Manager's Affiliates to, engage in any transaction (including, without limitation, the purchase, sale, lease, or exchange of any property or the rendering of any service, or the establishment of any salary, other compensation, or other terms of employment) with the Company so long as such transaction is not expressly prohibited by this Agreement and the terms and conditions of such transaction, on an overall basis, are fair and reasonable to the Company and are at least as favorable to the Company as those that are generally available from Persons capable of similarly performing them and in similar transactions between parties operating at arm's length. Notwithstanding the foregoing, the Manager may lend money to the Lender Affiliate who may be an affiliate of the Manager.

5.8. Liability of Manager Limited to Manager's Assets. Under no circumstances will any Affiliate of any Manager have any personal responsibility for any liability or obligation of the Manager (whether on a theory of alter ego, piercing the corporate veil or otherwise), and any recourse permitted under this Agreement or otherwise of the Members, any former Member or the Company against a Manager will be limited to the assets of the Manager as they may exist from time to time.

5.9. Limited Liability. No Person who is a Manager or officer of the Company shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise, solely by reason of being a Manager or officer of the Company.

5.10. Officers. The officers of the Company, if any, shall be appointed by the Manager and may consist of a Chief Executive Officer, a President and a Secretary. The Manager may also appoint a Chairman, Chief Operating Officer, Chief Financial Officer, Treasurer and one or more Vice Presidents or Assistant Secretaries. Any number of offices may be held by the same person. The Manager may appoint such other officers and agents as it shall deem necessary or advisable who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Manager. The salaries of all officers and agents of the Company shall be fixed by or in the manner prescribed by the Manager. The officers of the Company shall hold office until their successors are chosen and qualified. Any

officer elected or appointed by the Manager may be removed at any time, with or without cause, by the Manager. Any vacancy occurring in any office of the Company shall be filled by the Manager. The officers, to the extent of their powers set forth in this Agreement or otherwise vested in them by action of the Managers not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business, and the actions of the officers taken in accordance with such powers shall bind the Company.

5.11. Tax Matters Partner. Until the Manager designates otherwise, Michael Caldwell shall be the Tax Matters Partner of the Company as provided in the Treasury Regulations pursuant to Code Section 6231(a)(7), and shall be indemnified and reimbursed for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with its serving in that capacity. Notwithstanding the preceding sentence, the Tax Matters Partner shall not be entitled to indemnification for such costs and expenses if such party has not acted in good faith. The Tax Matters Partner shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend the Company funds for professional services and costs associated therewith.

ARTICLE VI. ALLOCATIONS OF PROFITS AND LOSSES AND DISTRIBUTIONS

6.1. Allocations of Profits and Losses.

(a) Except as otherwise provided in Section 6.2, for accounting, federal, state and local (if any) income tax purposes, the Manager shall reasonably allocate all Profits and Losses (and items thereof) of the Company to the Members so as to, as nearly as possible, increase or decrease, as the case may be, each Member's Capital Account to the extent necessary such that each Member's Capital Account is equal to the amount that such Member would receive if the Company were dissolved, its assets sold for their book value, its liabilities satisfied in accordance with their terms and all remaining amounts were distributed to the Members in accordance with Section 6.6 of this Agreement (without regard to Section 6.6(a)(iii)) immediately after making such allocation; provided, however, that (to the extent permitted by Treasury Regulations Section 1.704-1) the first allocation of Profits shall be to the Class B Members in an amount equal to the distributions of Distributable Cash made pursuant to Section 6.6(a)(i) to the extent not previously allocated and the second allocation of Profits shall be to the Class B Members in an amount equal to the distributions of Distributable Cash made pursuant to Section 6.6(a)(ii) to the extent not previously allocated.

(b) The intent of the foregoing allocation is to comply with Treasury Regulations Section 1.704-1(b) and ensure that the Members receive allocations of Profits and Losses pursuant to this Section 6.1 in accordance with their relative interests in the Company, with the interest of each Member in the Company determined by reference to such Member's relative rights to receive distributions from the Company pursuant to Section 6.6 in respect of the Profits and Losses of the Company.

(c) To the extent that there is a recognition of income to the Company that does not result in the adjustment of cash that any Member should be distributed under Section 6.6(a), the income shall be allocated among the Members first to recover Losses

previously allocated in proportion to the Losses allocated to each Member as to Losses allocated to all Members up to the amount of income that would not otherwise be allocated under Section 6.1(a) and Section 6.1(b) and thereafter in accordance with the Class A and Class B Members' Percentage Interests.

(d) If the Capital Accounts of the Members are in such ratios or balances that distributions in the manner set forth in Section 6.6 would not be in accordance with the positive Capital Account balances of the Members, such failure shall not affect or alter the distributions set forth in Section 6.6. Instead, the Manager will have the authority to make other allocations of Profits and Losses, or items of income, gain, loss or deduction among the Members which will result in the Capital Accounts of each Member having a balance prior to such distributions equal to the amount of distributions to be received by such Member in accordance with the manner set forth in Section 6.6.

6.2. Special Allocations. Notwithstanding the allocations set forth in Section 6.1, if a Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), or any other event creates a deficit balance in such Member's Capital Account in excess of such Member's share of "partner minimum gain" (as defined in Treasury Regulations Section 1.704-2(d)), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate such excess deficit balance as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 6.2 shall be taken into account in computing subsequent allocations of income and gain pursuant to Section 6.1 so that the net amount of any item so allocated and the income, gain and losses allocated to each Member pursuant to this Section 6.2 to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to Section 6.1 if such unexpected adjustments, allocations or distributions had not occurred.

6.3. Transfer of Units During Taxable Year. In the case of the transfer of a Member's Units or the addition of an additional Member or interest at any time other than the end of a Fiscal Year, the distributive share of the various items of income, gain, loss, deduction, credit or allowance in respect of the Units so transferred shall be allocated between the transferor and the transferee to take into account the varying interests of the Members during the taxable year in accordance with Code Section 706, using a convention permitted by law and selected by the Managers.

6.4. Tax Allocations. If any property is reflected in the Capital Accounts of the Members and on the books of the Company at a book value that differs from the adjusted tax basis of such property, then the tax items with respect to such property shall (to the extent not governed by Section 704(c)), in accordance with the requirements of Treasury Regulations Section 1.704-1(b)(4)(i), be shared among the Members in a manner that takes account of the variation between the adjusted tax basis of the applicable property and its book value in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Company are taken into account in determining the share of tax items under Section 704(c). The Company shall use the traditional method, as described in Treasury Regulations Section 1.704-3(b), in a manner determined by the Manager. Except as otherwise provided in this Agreement, all items of Company income, gain, loss or deduction, and any other

allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits and Losses, as the case may be, for the year. In addition, in the event that the Company sells or otherwise disposes of its assets in order to fund a payment to one or more Member in connection with their withdrawal, the Manager may in its discretion, allocate (for tax purposes only) any resulting items of taxable income or gain first to such withdrawing Member to the extent of and in proportion to the excess of each such Member's Capital Account balance over their adjusted tax basis in the Company; or may allocate (for tax purposes only) any resulting taxable losses or deductions first to such withdrawing Member to the extent of and in proportion to the excess of each such Member's adjusted tax basis in the Company over their Capital Account balance.

6.5. Section 754 Election. The Company shall be authorized to file an election under Section 754 of the Code to adjust the basis of property of the Company in the case of a transfer of an interest in the Company if such election under Section 754 would, in the good faith judgment of the Tax Matters Partner, be beneficial to the Company or any Member.

6.6. Distributions by the Company.

(a) Order of Priority. Subject to applicable law, the Managers may elect from time to time to distribute Distributable Cash to the Members in accordance with the following order of priority:

(i) First, to the Class B Members in an amount equal to the unpaid Accrued Preferred Return of each Class B Member.

(ii) Second, an amount equal to an annual Preferred Return on the Undistributed Capital of each Class B Member, calculated on the basis of a three hundred sixty-five (365)-day year and actual days elapsed (the "Class B Preferred Return").

(iii) Third, to each Class B Member in the amount equal to each such Member's Undistributed Capital.

(iv) Finally, fifty percent (50%) to the Class A Members and fifty percent (50%) to the Class B Members in proportion to their relative Percentage Interests.

(b) Tax Distributions. Without limiting the generality of this Section 6.6, if and to the extent that the Company is earning income which will result in the Members being subject to income tax on their distributive share of the Company's income and subject to the amount of Distributable Cash, minimum distributions may, in the sole discretion of the Manager, be made to the Members in such amount and at such times (but in no event later than March 31 of each year) as shall be sufficient to enable the Members to meet income tax liability arising or incurred as a result of their Interest in the Company. For the purposes of such distributions, it shall be assumed that the Members are taxable at the then highest applicable federal and California income tax rates. Any such distribution shall be made on a nondiscretionary basis to all Members pro rata in accordance with their respective Percentage Interests. Any amount distributed to a Class B Member under this Section shall be counted as paid in accordance with Section 6.6(a) above as a payment of the Accrued Preferred Return, Preferred Return or a return of Unreturned Capital, as applicable.

(c) Payments and Withholdings. To the extent that the Company is required by law to withhold or to make tax or other payments on behalf of or with respect to any Member, the Company shall withhold such amounts from any distribution and make such payments as so required. For purposes of this Agreement, any such payments or withholdings shall be treated as a distribution to the Member on behalf of whom the withholding or payment was made. All such distributions shall be made only to the Persons who, according to the books and records of the Company, are the holders of record of the Units in respect of which such distributions are made on the actual date of distribution. Neither the Company nor any Manager shall incur any liability for making distributions in accordance with this Section 6.6.

6.7. Change In Preferred Return Rate. Subject to the limitations set forth in this Section 6.7, the Managers may reduce the Preferred Return rate specified in Section 1.34 above when the Manager determines that the market rates for hard money loans have significantly declined and the Preferred Return rate then in effect is not reasonably achievable. In no event shall a reduction of the Preferred Return rate in any calendar year exceed the greater of: (i) ten percent (10%) of the Preferred Return rate then in effect, or (ii) one (1) percentage point. The Manager shall give written notice to the Members of any such rate change no sooner than ninety (90) calendar days prior to a change in the Preferred Return rate.

ARTICLE VII. TRANSFER AND ASSIGNMENT OF INTERESTS

7.1. Transfer and Assignment of Interests. Except as otherwise specifically provided in this Agreement, no Member shall be entitled to transfer, assign, convey, sell, encumber or in any way alienate all or any part of the Member's Interest except with the prior written consent of a Majority-in-Interest, which consent may be given or withheld, conditioned or delayed as the other Members may determine in their sole discretion. Transfers in violation of this Article VII shall be void *ab initio*. After the consummation of any transfer of any part of an Interest, the Interest so transferred shall continue to be subject to the terms and provisions of this Agreement and any further transfers shall be required to comply with all of the terms and provisions of this Agreement. Notwithstanding any other provision of this Agreement to the contrary and without triggering the rights of first refusal set forth in Section 7.5, the following transfers are permitted and do not require the consent of a Majority-in-Interest except as otherwise expressly stated below:

(a) A Member who is a natural person may transfer all or any portion of such Member's Interest to any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse, and the Member's immediate family; provided that the Member retains a beneficial interest in the trust and all of the voting Interest included in such Interest. A transfer of a Member's beneficial interest in such trust, or failure to retain such voting Interest, shall be deemed a transfer of an Interest.

(b) A Member may transfer all or any part of such Member's Interest if the Interest to be transferred represents no more than ten percent (10%) of all Interests in the Company (i.e., all Classes taken together), assuming for the purposes of calculating such percentage that all Authorized Units have been issued; provided, however, that such transfer must receive the prior written approval of a Majority-in-Interest and, except with the prior

written approval of a Majority-in-Interest, no Member may transfer any portion of its, his or her Interest in reliance on this Section 7.1(b) more than once in any twelve (12)-month period.

7.2. Further Restrictions on Transfer of Interests. In addition to other restrictions found in this Agreement, no Member shall transfer, assign, convey, sell, encumber or in any way alienate all or any part of such Member's Interest if the Interest to be transferred, assigned, sold or exchanged, when added to the total of all other Interests transferred, assigned, sold or exchanged in the preceding twelve (12) consecutive months prior thereto, would cause the termination of the Company for income tax purposes, as determined by a Majority-in-Interest.

7.3. Substitution of Members. A transferee of an Interest shall have the right to become a substituted Member only if (i) the requirements of this Article VII are met, (ii) such Person executes an instrument satisfactory to the Manager accepting and adopting the terms and provisions of this Agreement, and (iii) such Person pays all reasonable expenses in connection with his or her admission as a new Member. The admission of a substitute Member shall not result in the release of the Member who assigned the Interest from any liability or obligation that such Member may have to the Company.

7.4. Effect of Transfers in Violation of Agreement.

(a) Upon any transfer of an Interest in violation of this Article VII, the transferee shall have no right to vote or participate in the management of the business, property and affairs of the Company or to exercise any rights of a Member. Such transferee, if entitled to do anything under the law, shall only be entitled to become a Transferable Interest holder and thereafter shall only receive the share of the Company's Profits, Losses and distributions of the Company's assets to the extent that the transferor of such Transferable Interest would otherwise be entitled.

(b) Any person who is not a named Member who acquires an Interest or any interest therein through the division of marital property (i.e., through a divorce) shall be entitled only to allocations of Profits or Losses and distributions with respect to the Interest acquired in accordance with this Agreement, and shall have no right to examine the books and records of the Company, receive any information regarding the Company's affairs or exercise any other rights of a Member (i.e., shall hold only an Transferable Interest.) Any voluntary or Involuntary Transfer of all or any part of the Interest shall not relieve the transferor from liability under the provisions of this Agreement or by operation of law and shall not give the transferee any right to become a substituted Member. The Company shall continue with the same Capital Account for the transferee as was attributable to the transferring Member. Any transfer by operation of law shall render the transferee a mere Transferable Interest holder.

7.5. Right of First Refusal. If a Member ("Transferor Member") proposes to transfer, assign, convey, sell, encumber or in any way alienate all or any part of such Member's Interest (or is required by operation of law or other Involuntary Transfer to do so), the Transferor Member shall first offer such Interest to the Company in accordance with the following provisions:

(a) The Transferor Member shall deliver a written notice ("Transfer Notice") to the Company stating (i) the Transferor Member's bona fide intention to transfer such Interest, (ii) the name and address of the proposed transferee, (iii) the Interest to be transferred (i.e., the number of Units), and (iv) the purchase price and terms of payment for which the Member proposes to transfer such Interest.

(b) Within thirty (30) days after receipt of the Transfer Notice, the Company shall, with the approval of the Manager, notify the Transferor Member in writing of the Company's desire to purchase all or a portion of the Interest being so transferred. The failure of the Company to submit a notice within the applicable period shall constitute an election on the part of the Company not to purchase any of the Interest which may be so transferred.

(c) If the Company elects to purchase the Interest being transferred shall have the right to purchase such Interest on either (i) the price and terms of payment designated in the Transfer Notice, or (ii) based on the price and terms set forth in Sections 8.4 through 8.7.

(d) If the Company elects not to purchase all of the Interest designated in the Transfer Notice, then the Transferor Member may transfer the Interest described in the Transfer Notice, or the remaining unpurchased portion of such Interest, to the proposed transferee, providing such transfer (i) is completed within thirty (30) days after the expiration of the nontransferring Members' rights to purchase such Interest, (ii) is made on terms no less favorable than designated in the Transfer Notice, and (iii) the requirements of Sections 7.1, 7.2 and 7.3 are satisfied. If such Interest is not transferred in accordance with the foregoing, the Transferor Member must give notice, and otherwise honor the rights of first refusal in accordance with the terms of this Article VII, prior to any other or subsequent transfer of such Interest.

7.6. Optional Adjustment to Basis of Company Property. In the event of the transfer or liquidation of all or part of the Interest of any Member in the Company during the life of the Member, or on the death of a Member, a Majority-in-Interest, in their sole and absolute discretion, may make an election on behalf of the Company, as provided in Code Section 754 (if such an election is not already in effect for the Company), and cause the Company to make the adjustments to the basis of Company Assets as provided in Code Sections 734 or 743 and 754.

7.7. Voluntary Redemption. The Manager in the Manager's sole discretion may institute a voluntary redemption plan whereby the Company would offer from time to time to the Members the right to redeem Units at a price and on the terms determined by the Manager. In addition, with the consent of the Manager and without triggering the rights of first refusal set forth in Section 7.5, the Company has the right to redeem any Units at any time pursuant to the terms of this Agreement or upon the mutual agreement of the Company and the holder of such Units upon such terms and conditions as they shall mutually agree.

7.8. Further Restrictions on Transfer of Interests. In addition to other restrictions found in this Agreement, no Member shall transfer, assign, convey, sell, encumber or in any way alienate all or any part of its Interest: (A) without compliance with all federal and state securities laws, (B) if the Interest to be transferred, when added to the total of all other Interests transferred in the preceding twelve (12) consecutive months prior thereto, would cause the tax termination

of the Company under Code Section 708(b)(1)(B), or (C) if such transfer would cause the number of holders of the Company's securities to exceed one hundred (100) or such other number as may be permitted for purposes of determining that the Company is exempt from the Investment Company Act of 1940, as amended, or for purposes of determining whether the Company is a "publicly traded partnership" within the meaning of Section 7704 of the Code.

ARTICLE VIII. CONSEQUENCES OF MEMBER DEATH, DISABILITY, INCOMPETENCY, BANKRUPTCY OR WITHDRAWAL

8.1. Death, Disability, Incompetency or Bankruptcy. The Company shall not dissolve upon the death, Disability, Incompetence or Bankruptcy (each, a "Triggering Event") of a Member (the "Affected Member"). Upon the occurrence of a Triggering Event, the heirs or other successors-in-interest of an Affected Member, or the legal representative of the Incompetent Member (collectively, the "Affected Member's Representative"), shall become Transferable Interest holder(s). The Company and all Members other than the Affected Member (the "Unaffected Members") shall have the option to purchase the Interest of the Affected Member in accordance with the following provisions:

(a) Within sixty (60) days after the occurrence of the Triggering Event, or in the case of a Bankruptcy, within sixty (60) days after the receipt by the Company of a written notice from the Bankrupt Member of the occurrence of an event of Bankruptcy (which the Bankrupt Member hereby agrees to promptly provide to the Company and all Unaffected Members), the Company shall notify the Affected Member (or the Affected Member's Representatives, if applicable) in writing of the Company's desire to purchase all or a portion of the Affected Member's Interest. The failure of the Company to submit a notice within the applicable period shall constitute an election on the part of the Company not to purchase any of such Interest, it being agreed and understood, however, that such time period with respect to a Bankruptcy shall not begin to run until the Company has received written notice as provided herein.

(b) If the Company fails to purchase the entire Affected Member's Interest, then each Unaffected Member may, for sixty (60) days after the expiration of the Company's sixty (60)-day purchase option period, elect to purchase a portion of such remaining Interest by notifying the Affected Member (or the Affected Member's Representatives, if applicable) and all other Members in writing of such Member's desire to purchase a portion of the Affected Member's Interest. The failure of any Member to submit a notice within the applicable period shall constitute an election on the part of such Member not to purchase any of the Affected Member's Interest. Each Unaffected Member electing to purchase shall be entitled to purchase a portion of the Affected Member's Interest being transferred in the same proportion that the Percentage Interest of such Member bears to the aggregate of the Percentage Interests of all of the Unaffected Members electing to purchase the Interest being transferred. If any Unaffected Member elects to purchase none or less than all of such Unaffected Member's pro rata share of such Interest, then the other Unaffected Members can elect to purchase more than their pro rata share.

(c) The purchase price and terms for the purchase of the Affected Member's Interest under this Section 8.1 shall be determined in accordance with Sections 8.4 through 8.7.

(d) If neither the Company nor the Unaffected Members elect to purchase all of the Affected Member's Interest, then the Affected Member, or the Affected Member's Representative, if applicable, shall become Transferable Interest holder(s) of such Interest.

8.2. Withdrawal. A Member is not permitted to withdraw, resign or retire as a Member until the end of the term of this Agreement as provided in Section 2.3. A Member who wrongfully withdraws, resigns or retires as a Member of the Company shall be liable to the Company and to the remaining Members of the Company for all damages sustained by them as a result of the breach of this Agreement.

8.3. Spousal Interest. If the spouse of a Member ("Subject Member"), through dissolution of marriage or otherwise, acquires a separate property interest in any Interest ("Spousal Interest"), the Members and the Company shall promptly be given written notice by the Subject Member and her spouse. The Members and the Company shall then have the following options:

(a) Subject Member Option. The Subject Member shall have an option, until sixty (60) days after providing written notice, to acquire the Spousal Interest for the consideration and on the terms described in Sections 8.4 through 8.7.

(b) Company Option. If the Subject Member does not timely exercise the option under this Section 8.3, the Company shall have the option, until sixty (60) days after the later of (i) receiving written notice that a Spousal Interest has been acquired by a spouse, or (ii) expiration of the option described in this Section 8.3 to purchase the Spousal Interest for the consideration and on the terms described in Sections 8.4 through 8.7.

(c) Remaining Member's Option. If neither the Subject Member nor the Company exercise their options described above in this Section 8.3, the remaining Member(s) (in the same proportion that the Percentage Interest of each such remaining Member bears to the aggregate of the Percentage Interests of all of the remaining Members as of the date the written notice described above in this Section 8.3 was received, or as they shall otherwise agree) shall have the option, for sixty (60) days after the expiration of the option described in Section 8.3, to purchase the Spousal Interest for the consideration and on the terms described in Sections 8.4 through 8.7.

(d) No Option Exercised; Exception for Member-Spouse. If none of the options described above in this Section 8.3(a) are exercised, the Spousal Interest shall continue to be held subject to all of the terms of this Agreement. The holder of such Spousal Interest shall not become a Member of the Company unless the Members desire to admit such holder as a Member and such holder complies with all of the provisions of Article VII.

8.4. Purchase Price. The purchase price for a Member's Interest to be purchased under the terms of Sections 7.5, 8.1 or 8.3 of this Agreement (referred to hereafter as the "Selling Member") shall be as determined under this Section 8.4. Each of the Selling Member and the Company best efforts to mutually agree on the purchase price for the Selling Member's Interest. If the parties are unable to so agree within thirty (30) days of the date on which the option or

right of first refusal is first exercisable ("Option Date"), the purchase price shall be determined as follows:

(a) If the Member's Interest consists of Class B Units, the purchase price shall be the Repurchase Price.

(b) If the Member's Interest consists of a Class A Units, the purchase price shall be determined by an independent appraiser selected by the Selling Member and the Company. If the parties cannot agree on an a single appraiser within thirty (30) days after the Option Date, then the selection of the appraiser shall be determined pursuant to Section 13.20. The appraiser shall determine the fair market value of the Class A Units to be purchased. The appraiser shall not apply any "minority discount" factor in its determination of the fair market value of the Class A Units to be purchased. The Selling Member shall pay for fifty percent (50%) of the cost of the appraisal described in this Section 8.4 and the Company shall pay for the other half, pro rata, in accordance with the portion purchased by each.

8.5. Payment of Purchase Price. The purchase price shall be paid by the Company by either of the following methods, each of which may be selected separately by the Company and each of the purchasing Members:

(a) Purchase Price Paid at Closing. The Company and each purchasing Member shall at the closing pay in cash the total purchase price for that portion of the Selling Member's Interest that such party is buying; or

(b) Purchase Price Paid Over Time. The Company may pay at the closing the greater of twenty percent (20%) of the purchase price for the interest such party is buying or the amount of the insurance proceeds, if any, payable to the Company in the event a Member has died. The balance of the purchase price shall be paid in sixty (60) equal monthly payments of principal and interest, with interest accruing on the unpaid principal at the "prime rate" (as defined below), adjusted on each anniversary date of the promissory note(s). Upon each annual adjustment of the applicable rate of interest, the amount of the monthly payment amount shall be adjusted to equal the amount necessary to fully amortize the then unpaid principal balance of the note over the then remaining term of the note. For purposes of this Section 8.5, the "prime rate" shall be that rate that is published in the Wall Street Journal. If the Wall Street Journal ceases to publish a prime rate, then for the purposes of the note, the prime rate shall be deemed to be the average prime interest rate of the three largest (measured by total assets) banking institutions in the continental United States then announcing a prime rate of interest (i.e. the prime commercial lending rate of interest from time to time announced by the banks for short term unsecured loans to commercial borrowers with the highest credit rating). The Company shall have the right to prepay in full or in part at any time without penalty. The obligation to pay the balance due shall be evidenced by an unsecured promissory note which shall include the terms set forth above in this Section 8.5(b), an attorneys' fee provision, an acceleration clause if any payment is more than ten (10) days late and a five percent (5%) late charge for any single monthly payment that is more than fifteen (15) days late.

8.6. Closing of Purchase of Selling Member's Interest. The closing for the sale of a Selling Member's Interest pursuant to this Article VIII shall be held at 10:00 a.m. at the principal

office of the Company no later than thirty (30) days after the determination of the purchase price, except that if the closing date falls on a Saturday, Sunday or California legal holiday, then the closing shall be held on the next succeeding business day. At the closing, the Selling Member, or such Selling Member's legal representative or successor-in-interest shall, deliver to the Company instruments of transfer (containing warranties of title and that there are no liens, claims or encumbrances affecting the interest being acquired) conveying the Selling Member's Interest. The Selling Member, or such Selling Member's legal representative or successor-in-interest, the Company shall do all things and execute and deliver all papers as may be necessary to fully consummate such sale and purchase in accordance with the terms and provisions of this Agreement.

8.7. Personally Guaranteed Obligations. Any obligation personally guaranteed by the Selling Member (or his or her predecessor in interest) shall be assumed by the purchaser(s) in proportion to the portion of the Selling Member's interest being purchased, and each purchaser shall indemnify and hold harmless the Selling Member with respect to such obligation to the extent of such assumption.

ARTICLE IX. ACCOUNTING, RECORDS, REPORTING BY MEMBERS

9.1. Books and Records. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with generally accepted accounting principles and the accounting methods followed for federal income tax purposes as selected by the Managers. The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business. The Company shall maintain at its principal office in California all of the following:

(a) A current list of the full name and last known business or residence address of each Member and set forth in alphabetical order, together with the Capital Contributions, Capital Account and Units held by each Member.

(b) A current list of the full name and address of the Manager.

(c) A copy of the Articles and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed.

(d) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years.

(e) A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed.

(f) Copies of the financial statements of the Company, if any, for the six (6) most recent Fiscal Years, and

(g) The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four (4) Fiscal Years.

9.2. Reports. The Company shall cause to be filed, in accordance with the Act, all reports and documents required to be filed with any governmental agency. The Company shall cause to be prepared at least annually information concerning the Company's operations necessary for the completion of the Members' federal and state income tax returns. The Company shall send or cause to be sent to each Member within ninety (90) days after the end of each taxable year (A) such information as is necessary to complete the Members' federal and state income tax or information returns and (B) a copy of the Company's federal, state, and local income tax or information returns for the year. In addition, the Company shall provide all Members with unaudited quarterly financial statements prepared in accordance with generally accepted accounting principles.

9.3. Bank Accounts. The Managers shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

ARTICLE X. DISSOLUTION AND WINDING UP

10.1. Dissolution. Subject to the provisions of Section 10.7, the Company shall be dissolved, its assets shall be disposed of, and its affairs wound up upon the first to occur of the following:

(a) The entry of a decree of judicial dissolution by a court of competent jurisdiction;

(b) The vote of the Manager and the Members holding, in the aggregate, a number of Units in excess of fifty percent (50%) of the total number of issued and outstanding Class B Units held by all the Members; or

(c) The sale or liquidation of all or substantially all of the assets of Company.

10.2. Certificate of Dissolution. As soon as possible following the occurrence of any of the events specified in Section 10.1, the Manager, so long as the Manager has not wrongfully dissolved the Company or, if none, the Members, shall execute a Certificate of Dissolution in such form as shall be prescribed by the California Secretary of State and file the certificate as required by the Act. Dissolution of the Company shall be effective on the date which the event occurs giving rise to the dissolution, but the Company shall not terminate until the Certificate of Cancellation (as described in Section 10.7 below) shall have been filed and the assets of the Company shall have been distributed as provided herein. However, if all Members unanimously vote to dissolve the Company, only a Certificate of Cancellation need be filed.

10.3. Winding Up. Upon the dissolution of the Company, the Company's assets shall be disposed of and its affairs wound up. The Company shall give written notice of the commencement of the dissolution to all of its known creditors.

10.4. Order of Payment Upon Dissolution. The assets and proceeds on liquidation shall be applied in the following order:

(a) To creditors, including Members who are creditors, to the extent permitted by law and in accordance with their relative rights of priority, if any.

(b) All remaining assets and proceeds shall be distributed to the Members in accordance with Section 6.6. It is the intent of the Members that the allocations under this Agreement will result in distributions being made to the Members under this Section 10.4 that are in accordance with the Members positive Capital Account balances, after taking into account the allocation of income, gain, loss and deduction for the Company's taxable year during which the liquidation occurs. The Members intend that the distributions required pursuant to this Section 10.4 be in accordance with positive Capital Account balances of the Members as provided for in the Treasury Regulations under Code Section 704(b). However, if the Capital Accounts of the Members are in such ratios or balances that distributions pursuant to this Section 10.4 would not be in accordance with the positive Capital Account balances of the Members, such failure shall not affect or alter the distributions required by this Section 10.4. Instead, the Manager will have the authority to make other allocations of income, gain, loss or deduction among the Members which, to the extent possible, will result in the Capital Accounts of each Member having a balance prior to distribution equal to the amount of distributions to be received by such Member pursuant to this Section 10.4.

10.5. Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely at the assets of the Company for the return of its positive Capital Account balance and shall have no recourse for its Capital Contribution and/or share of income or gain of the Company (upon dissolution or otherwise) against the Manager or any other Member.

10.6. Distributions in Kind. The Manager may make dissolution distributions to the Members in cash or distribute Company assets in kind, and the distribution of any such assets in kind shall be made on the basis of the fair market value of such asset as of the date of distribution, as determined by the Manager in good faith. The Capital Accounts of the Members shall be adjusted accordingly to preserve the Transferable Interests of the Members as the result of any distribution in kind.

10.7. Certificate of Cancellation. The Manager or Members who filed the Certificate of Dissolution shall cause to be filed in the office of, and on a form prescribed by, the California Secretary of State, a Certificate of Cancellation of the Articles upon the completion of the winding up of the affairs of the Company.

ARTICLE XI. INDEMNIFICATION AND INSURANCE

11.1. Indemnification. The Company shall defend and indemnify any Member or Manager and may indemnify any other Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that it, he or she is or was a Member, Manager, officer, employee or other agent of the Company or that, being or having been such a Member, Manager, officer, employee or agent, it, he or she is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to hereinafter as an "agent"), to the fullest extent

permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit. The Manager shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Manager deems appropriate in the Manager's business judgment.

11.2. Insurance. The Company shall, to the extent commercially reasonable (as determined by the Manager), purchase and maintain insurance on behalf of any Person who is or was an agent of the Company against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as an agent, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of Section 11.1 or under applicable law.

ARTICLE XII. INVESTMENT REPRESENTATIONS

Each Member hereby represents and warrants to, and agrees with, the Manager, the other Members, and the Company as follows:

12.1. Preexisting Relationship or Experience. By reason of his, her or its business or financial experience, or by reason of the business or financial experience of his, her or its financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company or any affiliate or selling agent of the Company, he, she or it is capable of evaluating the risks and merits of an investment in the Units and of protecting his, her or its own interests in connection with this investment.

12.2. Investment Intent. He, she or it is acquiring the Units for investment purposes for his, her or its own account only and not with a view to or for sale in connection with any distribution of all or any part of the Units. No other Person will have any direct or indirect beneficial interest in or right to the Units.

12.3. Accredited Investor. He, she or it is an "accredited investor" as defined in Rule 501(a) promulgated by the Securities and Exchange Commission.

12.4. Purpose of Entity. If an entity, it was not organized for the specific purpose of acquiring the Units.

12.5. Economic Risk. He, she or it is financially able to bear the economic risk of an investment in the Units, including the total loss thereof.

12.6. No Registration of Units. He, she or it acknowledges that the Units have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or qualified under any applicable blue sky laws in reliance, in part, on his, her or its representations, warranties, and agreements herein.

12.7. Investment in Restricted Security. He, she or it understands that the Units are "restricted securities" under the Securities Act in that the Units will be acquired from the Company in a transaction not involving a public offering, and that the Units may be resold

without registration under the Securities Act only in certain limited circumstances and that otherwise the Units must be held indefinitely.

12.8. No Obligations to Register. He, she or it represents, warrants, and agrees that the Company and the Manager are under no obligation to register or qualify the Units under the Securities Act or under any state securities law, or to assist her, him or it in complying with any exemption from registration and qualification.

12.9. No Disposition in Violation of Law. Without limiting the representations set forth above, and without limiting Article VII or VIII of this Agreement, he, she or it will not make any disposition of all or any part of the Units which will result in the violation by her, him or it or by the Company of the Securities Act, the California General Corporation Law, the Act, or any other applicable securities laws. Without limiting the foregoing, he, she or it agrees not to make any disposition of all or any part of the Units unless and until he, she or it has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Managers, he, she or it has furnished the Company with a written opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of any securities under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities law.

12.10. Investment Risk. He, she or it acknowledges that the Units are speculative investments which involve a substantial degree of risk of loss of an entire investment in the Company, that he, she or it understands and takes full cognizance of the risks related to the purchase of the Units, and that the Company is newly organized and has no financial or operating history.

12.11. Investment Experience. He, she or it is an experienced investor in unregistered and restricted securities of limited liability companies.

12.12. Restrictions on Transferability. He, she or it acknowledges that there are substantial restrictions on the transferability of the Units pursuant to this Agreement, that there is no public market for the Units and none is expected to develop, and that, accordingly, it may not be possible to liquidate his, her or its investment in the Company.

12.13. Information Reviewed. He, she or it has received and reviewed this Agreement and the information it considers necessary or appropriate for deciding whether to purchase the Units. He, she or it has relied only on the information contained in this Agreement in making its investment decision.

12.14. Tax Consequences. He, she or it acknowledges that the tax consequences of investing in the Company will depend on its particular circumstances, and neither the Company, the Manager, the Members, nor the partners, shareholders, members, managers, agents, officers, directors, employees, Affiliates, or consultants of any of them will be responsible or liable for the tax consequences to him, her or it of an investment in the Company. He, she or it will look solely to, and rely upon, his, her or its own advisers with respect to the tax consequences of this investment.

12.15. No Assurance of Tax Benefits. He, she or it acknowledges that there can be no assurance that the Code or the Treasury Regulations will not be amended or interpreted in the future in such a manner so as to deprive the Company and the Members of some or all of the tax benefits they might now receive nor that some of the deductions claimed by the Company or the allocations of items of income, gain, loss, deduction, or credit among the Members may not be challenged by the Internal Revenue Service.

12.16. Indemnity. He, she or it shall defend, indemnify and hold harmless the Company, each and every Manager, each and every other Member, and any officers, directors, shareholders, managers, members, employees, partners, agents, attorneys, registered representatives, and control persons of any such entity who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of or arising from any misrepresentation or misstatement of facts or omission to represent or state facts made by him, her or it including, without limitation, the information in this Agreement, against losses, liabilities, and expenses of the company, each and every Manager, each and every other Member, and any officers, directors, shareholders, managers, members, employees, partners, attorneys, accountants, agents, registered representatives, and control persons of any such Person (including attorneys' fees, judgments, fines and amounts paid in settlement, payable as incurred) incurred by such person in connection with such action, suit, proceeding, or the like.

ARTICLE XIII. MISCELLANEOUS

13.1. Counsel to the Manager. The Manager has selected Boutin Jones Inc. ("Manager's Counsel") as legal counsel to the Company. Each Member acknowledges that Manager's Counsel does not represent the Company or any Member and that, in the absence of any written agreement to the contrary between such Member and Manager's Counsel, shall owe no duties directly to a Member.

13.2. Complete Agreement. This Agreement and the Articles constitute the complete and exclusive statement of agreement among the Members and Managers with respect to the subject matter herein and therein and replace and supersede all prior written and oral agreements or statements by and among the Members and Managers or any of them. No representation, statement, condition or warranty not contained in this Agreement or the Articles will be binding on the Members or Managers or have any force or effect whatsoever.

13.3. Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective successors and assigns.

13.4. Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and the Manager and their respective successors and assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

13.5. Pronouns; Statutory References. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Treasury Regulations, the Act, California General Corporation Law or other statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

13.6. Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

13.7. Interpretation. In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or its counsel.

13.8. References to this Agreement. Numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement unless otherwise expressly stated.

13.9. Jurisdiction. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in California in any action on a claim between or among any of the Company, the Managers or the Members arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement. Each Member further agrees that personal jurisdiction over it may be effected by service of process by registered or certified mail addressed as provided in Section 13.13 of this Agreement, and that when so made shall be as if served upon it personally within the State of California.

13.10. Exhibits. All exhibits attached to this Agreement are incorporated and shall be treated as if set forth herein.

13.11. Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

13.12. Additional Documents and Acts. Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

13.13. Notices. Except as may be more particularly described elsewhere in this Agreement, any notice permitted or required under this Agreement shall be in writing, and any written notice or other document shall be deemed to have been duly given (i) on the date of personal service on the parties, (ii) on the third business day after mailing, if the document is mailed by first-class, registered or certified mail, postage prepaid, (iii) one day after being sent by professional or overnight courier or messenger service guaranteeing one-day delivery, with receipt confirmed by the courier, or (iv) on the date of transmission if sent by electronic mail or facsimile, as long as an electronic mail address or facsimile address has been previously

provided by a Member or the Company for the purpose of notice and as long as such transmission creates a record that is capable of retention, retrieval and review (where such transmission would be an Electronic Transmission by the Company if sent by the Company). Any such notice shall be delivered or addressed to the parties at the addresses maintained by the Company in accordance with applicable law.

13.14. Amendments. Except as expressly permitted under the terms of this Agreement, all amendments to this Agreement must be in writing and signed by a Majority-in-Interest. Except as provided above, any amendment to this Agreement signed by a Majority-in-Interest shall be binding on all Members, whether or not such Member signs such amendment.

13.15. Reliance on Authority of Person Signing Agreement. Neither the Company nor any Member will be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual.

13.16. No Interest in Company Property; Waiver of Action for Partition. No Member has any interest in specific property of the Company. Without limiting the foregoing, each Member irrevocably waives during the term of the Company any right that he or she may have to maintain any action for partition with respect to the property of the Company.

13.17. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

13.18. Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

13.19. Facsimile or Email Signature. The parties agree that this Agreement, agreements ancillary to this Agreement and related documents to be entered into in connection with this Agreement will be considered signed when the signature of a party is delivered by facsimile or email transmission. Such facsimile or email signature shall be treated in all respects as having the same effect as an original signature.

13.20. Dispute Resolution Procedures.

(a) Negotiation. Any claim or dispute under this Agreement or otherwise related to the operation of the Company (whether such claim is based upon contract or tort law) ("Claim") shall be resolved in accordance with this Section 13.20. The dispute procedures shall be initiated by a Member delivering a writing containing reasonable detail summarizing the nature of the Claim and invoking the procedures contained in this Section. For a period of thirty (30) days from receipt of the notice, the Members will consult with each other in a good faith effort to resolve the Claim.

(b) Binding Arbitration. If, within thirty (30) days after receipt of the notice of negotiation in Section 13.20(a), there is not a settlement of the Claim, then the Claim will be finally resolved by arbitration administered by submitting a request to the American Arbitration

Association of Sacramento, California ("Service"), requesting that the Service select/appoint an arbitrator using Rules of Procedure developed by the Service.

(c) Arbitration Terms. The fees for the special request shall be paid by the requesting party at the time of the request. The arbitration award will be final and binding on the Members, will not be subject to judicial appeal, will not include any punitive damages and will deal with the allocation of costs of arbitration, including legal fees and all related matters. Any monetary award will stipulate a rate of interest, deemed appropriate by the arbitrators, which will run from the date notice the claim was given until the date when the award is fully satisfied. The arbitration award will be promptly satisfied by the Member against whom it is granted. Any cost or fee incident to enforcing the award will, to the maximum extent permitted by law, be charged against the Member resisting enforcement. Judgment upon the award rendered may be entered in any court having jurisdiction, or application may be made to that court for a judicial recognition of the award or an order of enforcement thereof, as applicable. The Company or any Member may bring an action to enforce any award granted under this Section 13.20.

13.21. Consent of Spouse. Each individual who is admitted as a Member of the Company shall cause the Member's spouse to execute a consent to this Agreement in substantially the form attached hereto as **Exhibit A**. If a Member fails to secure the signature of the Member's spouse, that Member and such Member's estate shall indemnify and hold harmless the Company and the other Members from any liability which may accrue to the Company and the other Members as a result of the spouse's failure to consent. Any Member who marries subsequent to the Member's admission as a Member of the Company shall cause the Member's spouse to execute such consent as well.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Agreement for KC Capital Fund LLC, a California limited liability company.

MEMBER:

Read and Approved by:_____

Signature

_____

Printed name

Date as of:_____
(MM/DD/YYYY)

MANAGER:

K&C INVESTMENTS, INC.,
a California Corporation

Read and Approved by:_____

Signature

_____

Title

Date as of:_____
(MM/DD/YYYY)

EXHIBIT A

CONSENT OF SPOUSE

The undersigned is the spouse of _____ and acknowledges that he/she has read the foregoing Operating Agreement for KC Capital Fund LLC, a California limited liability company dated as of _____, _____ (the "Agreement"), and understands its provisions. The undersigned hereby expressly approves of and agrees to be bound by the provisions of the Agreement in its entirety, including, but not limited to, those provisions relating to the sales and transfers of Interests and the restrictions thereon. If the undersigned predeceases his/her spouse when his/her spouse owns any Interest in the Company, he/she hereby agrees not to devise or bequeath whatever community property interest or quasi-community property interest he/she may have in the Company in contravention of the Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Agreement.

Name:_____
Printed

Read and approved by:_____
Signature

Date as of: _____
(MM/DD/YYYY)