

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	Civil Action No. 18-cv-5587
v.)	
)	Hon. Manish S. Shah
EQUITYBUILD, INC., EQUITYBUILD FINANCE, LLC, JEROME H. COHEN, and SHAUN D. COHEN,)	Magistrate Judge Young B. Kim
)	
Defendants.)	

**RECEIVER’S REPLY BRIEF IN SUPPORT
OF HIS INITIAL SUBMISSION ON GROUP 6 CLAIMS**

The Receiver, consistent with the Court’s schedule for Group 6 Claims, submits the following reply brief in further support of his initial submission and in response to the positions set forth by UBS AG (“UBS”) and Midland Loan Services (“Midland”) in their position statements. (Dkt. 1756 & 1757) The Receiver will not repeat the points in his initial Group 6 submission (Dkt. 1740), but provides this reply to address matters not addressed previously.

I. The Receiver Agrees with SEC’s Position and Rationale on Priority.

The Receiver agrees with the SEC’s statements on Group 6 claims (Dkt. 1754), which emphasizes the Seventh Circuit’s determination that a pre-existing secured interest cannot be extinguished without a valid release. *See SEC v. EquityBuild, Inc.*, 101 F.4th 526, 532 (7th Cir. 2024) (affirming this Court’s rulings on Group 1 claims). Here, it is undisputed that there were no releases of any kind provided by either the investor lenders or anyone purporting to act on their behalf. These facts make this situation more straightforward than the case before the Seventh Circuit on Group 1 claims, where releases (*albeit* invalid) were recorded in the public record.

II. UBS/Midland’s Actual and Apparent Authority Arguments Have No Basis in Fact or Law, and Merely Repeat Previously Rejected Arguments.

In the face of these facts, Midland and UBS argue that EquityBuild Finance had actual and apparent authority to release the liens, and that their payments to EquityBuild Finance extinguished the prior secured interests. (Dkt. 1756 at 6-12; Dkt. 1757 at 6-12) These arguments have been previously raised by other claimants in both Group 1 and Group 2 with respect to the same instruments, and were rejected by this Court. (Dkt. 1386 at 14-28; Dkt. 1679 at 20-25) UBS and Midland offer nothing new to support a different result here.

As to the issue of actual authority, the collateral agency and servicing agreements (“CASAs”) make clear that EquityBuild Finance had no authority to take action on the collateral securing the investor-lenders’ mortgage without written authorization from the investor lenders. *See, e.g.*, Dkt. 1756, UBS Exhibit I, § 3; Dkt. 1757, Exhibit P, § 3. This Court previously addressed the same issue for both Group 1 and Group 2 claims and ruled that EquityBuild Finance lacked authority based on the CASAs to release the investor-lenders’ mortgage.¹ (Dkt. 1386 at 15-24; Dkt. 1679 at 22-23)

As to the issue of apparent authority, UBS and Midland attempt to rely upon the mortgages’ references to “c/o” – *i.e.*, “THE PERSONS LISTED ON EXHIBIT B c/o HARD MONEY COMPANY, LLC” – as the basis for EquityBuild Finance’s ability to release the mortgages of the investor lender claimants. (*See, e.g.*, Dkt. 1756, UBS Exhibit F; *see also* Dkt. 1740,

¹ UBS’s additional argument, which relies upon EquityBuild Inc.’s representations *as to EquityBuild Finance’s authority* (Dkt. 1756 at 8), fails under standard Illinois law which holds that in looking at the issue of actual authority, it is the statements of the principal, not of an agent or third parties, that control what an agent can do. *See, e.g., Kaporovskiy v. Grecian Delight Foods, Inc.*, 338 Ill. App. 3d 206, 210 (1st Dist. 2003) (affirming trial court judgment in favor of defendant food company and decision that it had no principal-agent relationship with driver for promotions company; “Only the alleged principal’s words and conduct, not those of the alleged agent, establish the agent’s authority.”) (citation omitted).

Receiver’s Submission, Exhibit 8 (referring to Midland property)) But this Court previously determined that the use of “c/o” is not an indication “that the Individual Investors granted EquityBuild Finance authority to release the Mortgage on their behalf.” (Dkt. 1679 at 24) UBS’s and Midland’s citation to the unpublished decision in *5201 Washington Inv’rs LLC & Arthur Bertrand v. EquityBuild, Inc.*, 2024 IL App (1st) 231403-U is of no moment, primarily because that case involved a release that was purportedly executed by EquityBuild Finance as agent for the persons listed on Exhibit A to the mortgage, and the matters at bar for both UBS and Midland involve no releases whatsoever.² (Dkt. 1679 at 24)

Finally, as to UBS’s and Midland’s arguments that their payments to EquityBuild Finance³ entitle them to the release of the prior liens, such arguments depend entirely on a finding of agency. Irrespective, the argument further requires a finding that the lenders received “full payment” of the debt, a finding which is not supported by the evidence of record.

III. Specific Issues Regarding the Properties at Issue.

A. UBS

In its submission, UBS raises certain specific issues regarding certain claimants, to which the Receiver wishes to respond. Specifically, UBS notes that Gerry and Clarice Recamara (claim 112-618) had rolled their secured loan out of 7450 Luella a/k/a 2220 E. 75th (Property 112). The

² While the *5201 Washington* action nominally involves a suit against EquityBuild, Inc., by agreement with the plaintiffs who initiated that action and consistent with an agreed order issued by this Court (Dkt. 1176), the Receiver has had no participation in nor played a role in that litigation (as the *5201 Washington* property is not a property within the Receivership estate).

³ As discussed in the Receiver’s submission, UBS directed its payments “to EquityBuild, Inc.” and not to EquityBuild Finance or Hard Money Company. (Dkt. 1740 at 5) And although UBS argues that the specific Wells Fargo account number to which EquityBuild, Inc. directed the funds bore the name EquityBuild Finance—which UBS only learned years after the fact through discovery in this matter—this does not change the fact that UBS directed its payments to the beneficiary EquityBuild, Inc. (*Id.* at Ex. 7)

Receiver has conducted further investigation and agrees that the Recamaras did agree to roll their interest in Property 112 into four other EquityBuild properties (*i.e.*, 6160 MLK, 7656 Kingston, 6356 California, and 7051 Bennett). The Recamaras signed paperwork regarding each of these rollovers, and UBS attaches a confirmation for the rollover to 7051 Bennett (Dkt. 1756, Exhibit H). However, the investment packet for the rollover to 6160 MLK, which involved \$8,743.09 of the \$30,000 loan, was subsequently voided. (*See* Exhibit A) Accordingly, the Receiver hereby amends his recommendations to reduce the secured interest for claim 112-618 from \$30,000 to \$8,743.09, and have the remainder of the claims with respect to this particular investment considered in Group 8 when the Court addresses the other properties into which this loan was rolled.

UBS also states that the City of Chicago's claim against 5618 MLK (claim 110-693) is incorrectly listed on the Receiver's distribution worksheet as an active unpaid claim despite being paid at the time the sale. (*See* Dkt. 1756 at 5 n.6) Although the Receiver inadvertently did not list claim 110-693 among the resolved claims on page 30 of his submission, the Receiver agrees that this debt to the City of Chicago was repaid and in fact Exhibit 1 to his submission (Dkt. 1740) accurately reflects that claim 110-693 is not a secured claim and recommends no distribution to the City of Chicago from the proceeds of sale for Property 110.

Finally, UBS incorrectly describes Kevin Lyons (claim 111-610) as an unsecured claimant. In fact, Mr. Lyons agreed to only a partial rollover of his claim to an unsecured note, which reduced his secured claim against the property from \$25,000 to \$15,654.22. The Receiver has recommended a maximum distribution of \$15,654.22 from the proceeds of sale, and an unsecured claim (\$1,583.20) for the amount rolled to the unsecured note less the amounts that were repaid on that note.

B. Midland

In its submission, Midland raises certain issues regarding specific claimants to which the Receiver wishes to respond. Specifically, Midland raised a question in regards to the claims of certain investors whom Midland suggests have only equity interests.

In its position statement, Midland argues that the certain claimants are not secured because “the mortgages at issue were partnership property” and “equity holders stand behind secured creditors in regards to any distributions in priority disputes.” (Dkt. 1757 at 7) These claimants are:

- Lyanne and Michael Terada (51-551);
- Hui Tung Carol Lam (51-1101);
- Leroy Johnson (53-1350); and
- Edge Investments, LLC (53-180).

Midland’s argument is counter-factual. The partnerships in which these claimants held interests were entities that made loans secured by the properties. They were not equity holders in the properties at issue. The simple fact that the claimants were members of a partnership that made the secured loans does not mean they cannot have secured claims or should “stand behind” junior secured lenders. (*See* Exhibits B and C)

Midland further states in its position statement that Michael Terada, a partner in 1401 W 109th Associates, which made the loan on Property 51, was aware of the refinancing by virtue of the fact that his wife (and co-claimant) Lyanne Terada was the prior owner of the property who sold it to EB South Chicago 4 LLC (“EB4”), the borrower on the Midland loan. (Dkt. 1757 at 7 n.13) Although Midland suggests that “the Teradas” signed a closing statement evidencing that funds were being sent to EBF in satisfaction of the lenders’ interest in Property 51, in fact, Exhibit

O to Midland's position statement is only signed by Lyanne. Midland does not argue or establish why the wife's equity position or her signing of a closing statement should disqualify the husband from recovering on his loan. In fact, neither the common nor statutory law of Illinois automatically makes one spouse responsible for instruments signed by the other spouse. *See, e.g., N. Shore Cmty. Bank & Tr. Co. v. Kollar*, 304 Ill. App. 3d 838, 842-46 (1st. Dist. 1999) (finding that the Rights of Married Persons Act, 750 ILCS 65/15(a), which makes a husband and wife jointly liable for all family expenses, did not allow a bank to recover from the spouse of a borrower on a failed loan where the spouse was not herself a party to the loan). Here, it would be equally incorrect and unfair to disqualify the husband from recovering on his loan because of a closing statement which was solely signed by the wife.

CONCLUSION

For the foregoing reasons, the Receiver stands by the recommendations made in his initial Group 6 submission with the one modification to claim 112-618 discussed herein.

Dated: October 15, 2024

Kevin B. Duff, Receiver

By: /s/ Michael Rachlis
Michael Rachlis
Jodi Rosen Wine
Rachlis Duff & Peel, LLC
542 South Dearborn Street, Suite 900
Chicago, IL 60605
Phone (312) 733-3950
mrachlis@rdaplawn.net
jwine@rdaplawn.net

CERTIFICATE OF SERVICE

I hereby certify that on October 15, 2024, I electronically filed the foregoing **Receiver's Reply Brief In Support Of His Initial Submission On Group 6 Claims** with the Clerk of the United States District Court for the Northern District of Illinois, using the CM/ECF system. A copy of the foregoing was served upon counsel of record via the CM/ECF system.

I further certify that I caused true and correct copy of the foregoing **Reply**, to be served upon all claimants included on the Email Service List for Group 6 by electronic mail.

I further certify that the **Reply** will be posted to the Receivership webpage at: <http://rdaplawnet.com/receivership-for-equitybuild>

/s/ Michael Rachlis
Rachlis Duff & Peel, LLC
542 South Dearborn Street, Suite 900
Chicago, IL 60605
Phone (312) 733-3950
Fax (312) 733-3952
mrachlis@rdaplawnet.com

From: 'EquityBuild Documents Team via DocuSign' via Docs
Sent: Tuesday, August 22, 2017 2:38 PM CDT
To: EquityBuild Documents Team
Subject: Voided: Gerry & Clarice Recamara - 2220 E 75th Rollover To 6160 MLK



EquityBuild Documents Team voided Gerry & Clarice Recamara - 2220 E 75th Rollover To 6160 MLK.

EquityBuild Documents Team

docs@equitybuild.com

Gerry & Clarice Recamara - 2220 E 75th Rollover To 6160 MLK has been voided for the following reason:
Registration of client being bought out needed to be updated. This is and old document.

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PARTNERSHIP AGREEMENT OF 1401 W. 109th Associates
Effective Date: September 1, 2010.

RECITAL

The parties hereto with:

- (a) to enter together into the business of making a real property secured note and mortgage loan to a purchaser of the real property located at 1401 W 109th Pl, Chicago, IL 60643 (the "Real Property").
- (b) in order to provide for and carry out the foregoing, to form and do business as a general partnership under and pursuant to Illinois law.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties agree as follows:

Definitions

As used in this Agreement the terms listed below will have the meanings stated below, and other terms defined elsewhere will have the meanings there ascribed to them:

"Agreement" or "this Agreement": these Articles of Partnership.

"Partner": each or any of the parties hereto and any other Person or entity that may hereafter become a partner of this Partnership pursuant to the terms of this Agreement.

"Partnership": the general partnership formed under and pursuant to this Agreement.

"Person": a natural person, partnership, corporation, unincorporated association, trust, estate or any other entity.

Section 1

NAME

The name of the Partnership shall be 1401 W. 109th Associates

Section 2

RESERVED

Section 3

BUSINESS AND PURPOSE

3.1 The purpose of the business is making a real property secured note and mortgage loan (the "Business Purpose")

3.2. The Partnership shall have authority and power to engage in any other activities necessary to conduct the business described in Section 3.1 including, by way of illustration and not limitation, arranging for and delivering deeds, deeds of trust, mortgages, notes and other evidence of indebtedness, security agreements, and other security instruments; entering into agreements for the servicing of the mortgage, and doing all things reasonably incident to the making of a real Property secured note and mortgage loan.

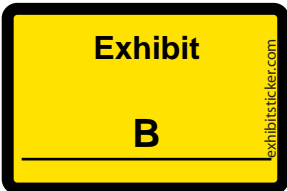
Section 4

TERM

The Partnership shall commence on the date of this Agreement and, unless sooner terminated in accordance with this Agreement, shall continue until the loan and mortgage originated pursuant to this agreement is paid in full, principal together with interest along with any fees due and payable under the terms of said note and mortgage.

Section 5

CAPITAL CONTRIBUTIONS



5.1 The initial capital contribution of each Partner to the Partnership shall be made within 5 days following the date of this Agreement in the amount set forth below after his or her name:

Name of Partner	Amount of Initial Contribution
Hui Tung Carol Lam	\$62,000
Hard Money Company, LLC	\$33,487
Donald Briggs	\$20,000

5.2 An individual capital account shall be maintained for each Partner and shall consist of his or her initial capital contribution, increased by (a) additional capital contributions made by him or her and (b) his or her share of Partnership profits and gains, and decreased by (i) distributions of profits and capital to him or her and (ii) his or her share of Partnership losses, deductions and credits, and otherwise in accordance with generally accepted accounting principles.

5.3 Except as specifically provided in this Agreement or by applicable law, no Partner shall have the right to withdraw his or her contributions to the capital of the Partnership without prior written consent of all other Partners.

5.4 No interest shall be paid on the initial contributions to the capital of the Partnership or on any subsequent contributions of capital.

Section 6

PARTNERSHIP INTERESTS

6.1 Each Partner's interest in the Partnership (his or her "Partnership Interest") shall be as follows:

Name of Partner	Partnership Interest
Hui Tung Carol Lam	53.69%
Hard Money Company, LLC	29.00%
Donald Briggs	17.31%
Total	100%

6.2 All profits and losses, and all items of income, gain, loss, deduction or credit, as well as any expenses incurred during performance of or related to the Business Purpose shall be shared by the Partners in accordance with their respective Partnership Interests; provided however that at least two Partner(s) must approve any such deduction, credit, expense, withdrawal or the like incurred for the Business Purpose, otherwise the Partner that incurs such costs shall be solely liable for the repayment of such incurred costs back to the Partnership.

Section 7

DISTRIBUTION OF PROFITS

7.1 The Net Cash From Operations (as defined in Section 7.2) of the Partnership shall be distributed to the Partners in accordance with their respective Partnership Interests as and when received.

7.2 As used in this Section 7, the term "Net Cash From Operations" means, with respect to any period in time:

7.2.1 The taxable income of the Partnership for federal income tax purposes as shown on the books of the Partnership for such period, increased by:

7.3 in addition to regular distributions made pursuant to Section 7.1, upon any sale, transfer or other disposition of any capital asset of the Partnership (hereinafter referred to as a "Disposition"), the proceeds of such Disposition net of selling or other expenses and the repayment of indebtedness secured by the asset subject to the Disposition (the "Net Proceeds") will be distributed to the Partners in proportion to their respective Partnership Interests.

Section 8

SALARIES

Unless otherwise agreed by the Partners acting in accordance with Section 8 of this Agreement, no Partner shall receive any salary or other compensation.

Section 9

LEGAL TITLE TO PARTNERSHIP PROPERTY

Legal title to the property of the Partnership shall be held in the name of 1401 W. 109th Associates. It is contemplated that the Partners may agree to have title to Partnership Property taken and held in their own names or in the names of trustees or nominees for the Partnership, but such manner of holding title shall be solely for the convenience of the Partnership and all such property shall be treated as Partnership Property subject to the terms of this Agreement.

Section 10

TRANSFER OF PARTNERSHIP INTEREST AND PARTNERSHIP RIGHTS

Except as otherwise provided in this agreement, no Partner (hereinafter referred to as the "Offering Partner") shall, during the term of the Partnership, sell, hypothecate, pledge, assign or otherwise transfer with or without consideration (hereinafter collectively referred to as a "Transfer") any part or all of his or her Partnership interest to any other person (a "Transferee"), without first offering (hereinafter referred to as the "Offer") that portion of his or her Partnership interest subject to the contemplated transfer (hereinafter referred to as the "Offered Interest") first to the Partnership and then to the other Partners, at a purchase price (hereinafter referred to as the "Transfer Purchase Price") and in a manner as follows:

10.1. The Transfer Purchase Price shall be the Appraised Value (as defined in Section 19.1).

10.1.1. The Offer shall be made by the Offering Partner first to the Partnership by written notice (hereinafter referred to as the "Offering Notice"). Within twenty days (hereinafter referred to as the "Partnership Offer Period") after receipt by the Partnership of the Offering Notice, the Partnership shall notify the Offering Partner in writing (hereinafter referred to as the "Partnership Notice"), whether or not the Partnership shall accept the Offer and shall purchase all but not less than all of the Offered Interest. If the Partnership accepts the Offer to purchase the Offered Interest, the Partnership Notice shall fix a closing date not more than twenty-five days (hereinafter referred to as the "Partnership Closing Date") after the expiration of the Partnership Offer Period.

10.1.2. If the Partnership decides not to accept the Offer, the Offering Partner or the Partnership, at his or her or its election, shall, by written notice (hereinafter referred to as the "Remaining Partner Notice") given within the period (hereinafter referred to as the "Partner Offer Period") ending ten days after the expiration of the Partnership Offer Period, make the Offer of the Offered Interest to the other Partners, each of whom shall then have a period of twenty-five days (the "Partner Acceptance Period") after the expiration of the Partner Offer Period within which to notify in writing the Offering Partner whether or not he or she intends to purchase all but not less than all of the Offered Interest. If the Partner intends to accept the Offer and to purchase the Offered Interest, the written notice required to be given by them shall fix a closing date not more than twenty-five days after the expiration of the Partner Acceptance Period (hereinafter referred to as the "Partner Closing Date").

10.2. The aggregate dollar amount of the Transfer Purchase Price shall be payable in cash on the Partnership Closing Date or on the Partner Closing Date, as the case may be.

10.3. If the Partnership or the other Partner does not accept the Offer or, if the Offer is accepted by the Partnership or the other Partner and the Partnership or the other Partner fails to purchase all of the Offered Interest at the Transfer Purchase Price within the time and in the manner specified in this Section 10, then the Offering Partner shall be free, for a period (hereinafter referred to as the "Free Transfer Period") of sixty days from the occurrence of such failure, to transfer the Offered Interest to a Transferee, subject only to any additional restrictions on such Transfer that may be imposed by this Agreement or any other agreement. Any such Transferee, upon acquiring the Offered Interest, shall automatically be bound by the terms of this Agreement and shall be required to join in, execute, acknowledge, seal and deliver a copy of this Agreement as a result of which he shall become an additional party hereto. If the Offering Partner shall not transfer the Offered Interest within the Free Transfer Period, his right to transfer the Offered Interest free of the foregoing restrictions shall thereupon cease and terminate.

10.4. No transfer made pursuant to this Section 10 shall dissolve or terminate the Partnership or cause the Partnership to be wound up, but, instead, the business of the Partnership shall be continued as though such Transfer had not occurred.

Section 11

PURCHASE ON DEATH

11.1. Upon the death of any Partner (hereinafter referred to as the "Decedent") the Partnership shall neither be terminated nor wound up but, instead, the business of the Partnership shall be continued as if such death had not occurred. Each Partner shall have the right by testamentary disposition to bequeath all or any portion of his or her Partnership Interest in the Partnership to a member of his or her immediate family (as defined in Section 21) or to any trust in which any one or more members of his or her immediate family (as defined in Section 21) retain the full beneficial interest; provided that in the case of any such bequest, the legatee or legatees shall hold the Partnership Interest received as a result of such bequest subject to the terms of this Agreement and shall be required to join in and execute, acknowledge, seal and deliver a copy of this Agreement as an additional Partner party hereto.

(a) all or any portion of the Partnership Interest owned by a Decedent at the time of his or her death shall not be bequeathed by testamentary disposition or shall be bequeathed to one or more persons other than persons to whom such a bequest is permitted under the foregoing provisions of this Section 11.1; or

(b) all or any portion of the Partnership Interest owned by a Decedent at the time of his or her death shall be bequeathed by testamentary disposition to one or more persons (collectively, the "Heir") to whom such a bequest is permitted under the foregoing provisions of this Section 11.1, and (i) the Heir shall notify the Partnership in writing within six months of the date of death of the Decedent that the Heir desires to sell to the Partnership the said Partnership Interest so bequeathed to the Heir or (ii) the Heir shall die (hereinafter all or any portion of the Partnership Interest referred to in Section 14.1(a) and (b) shall be collectively referred to as the "Decedent Interest"),

then the Partnership shall purchase and the Decedent's personal representatives, the Heir, or the personal representatives of the Heir, as the case may be, shall sell the Decedent Interest to the Partnership in such event. The Partnership shall, by written notice addressed to the Decedent's personal representatives, the Heir, or the personal representatives of the Heir, as the case may be, fix a closing date for such purchase; the closing date shall not be less than 30 days after the appointment of such personal representatives, but in no event longer than one year after the date of death of the Decedent or of the Heir, as the case may be. The Partnership shall purchase the Decedent Interest on the closing date at a price (hereinafter referred to as the "Decedent Purchase Price") which shall be the Appraised Value.

11.2. The aggregate dollar amount of the Decedent Purchase Price shall be payable in cash on the closing date, unless the Partnership shall elect prior to or on the closing date to purchase the Decedent Interest in installments.

Section 12

PURCHASE UPON BANKRUPTCY OR RETIREMENT

12.1. Upon the Bankruptcy or Retirement from the Partnership of any Partner (the "Withdrawing Partner"), the Partnership shall not be terminated nor wound up, but, instead, the business of the Partnership shall be continued as if such Bankruptcy or Retirement, as the case may be, had not occurred, and the Partnership shall purchase and the Withdrawing Partner shall sell all of the Partnership Interest and Partnership Rights (the "Withdrawing Partner's Interest") owned by the Withdrawing Partner in the Partnership on the date of such Bankruptcy or Retirement (the "Withdrawal Date"). The Partnership shall, by written notice addressed to the Withdrawing Partner or to the legal representative of a bankrupt Partner, fix a closing date for such purchase which shall be not less than 30 days after the Withdrawal Date. The Withdrawing Partner's Interest shall be purchased by the Partnership on such closing date at a price (the "Withdrawing Purchase Price") which shall be the Appraised Value. 12.2.

The aggregate dollar amount of the Withdrawing Purchase Price shall be payable in cash on the closing date, unless the Partnership shall elect prior to or on the closing date to purchase the Withdrawing Partner's Interest in installments.

Section 13

CERTAIN FURTHER EVENTS GIVING RIGHT TO PURCHASE OPTION

13.1. If any Partner (the "Defaulting Partner"):

(a) shall have filed against him or her any tax lien respecting all or substantially all of his or her property and such tax lien shall not be discharged, removed or provided for in full by bond within 60 days of the date on which it was filed; or

(b) shall subject his or her Partnership Interest or any part thereof or interest therein or his or her Partnership Interest or any part thereof or interest therein shall otherwise be made or become subject to a judgment lien, a charging order or similar charge or encumbrance entered by any court of competent jurisdiction,

then, immediately upon the occurrence of either of said events (the "Occurrence Date"), the Partnership shall have the right and option, exercisable by written notice to the Defaulting Partner, within 30 days of the Occurrence Date, to purchase from the Defaulting Partner, who shall sell to the Partnership, all of the Partnership Interest (the "Defaulting Partner's Interest") owned by the Defaulting Partner in the Partnership on the Occurrence Date. The Partnership shall, by written notice delivered to the Defaulting Partner or his successors, fix a closing date for such purchase which shall be not less than 30 days after the Occurrence Date. The Defaulting Partner's Interest shall be purchased by the Partnership on such closing date at a price (the "Defaulting Partner's Purchase Price") which shall be the Appraised Value.

13.2. The aggregate dollar amount of the Defaulting Partner's Purchase Price shall be payable in cash on the closing date, unless the Partnership shall elect prior to or on the closing date to purchase the Defaulting Partner's interest in installments.

Section 14

CERTAIN TAX MATTERS

It is the intention of the parties that the Transfer Purchase Price, the Decedent Purchase Price, the Withdrawing Purchase Price and the Defaulting Partner's Purchase Price shall constitute and be considered as made in exchange for the interest of the retired Partner in Partnership Property, including good will, within the meaning of Section 736(b) of the Internal Revenue Code of 1986, as amended.

Section 15

THE APPRAISED VALUE

15.1. The term "Appraised Value" as used in this Agreement shall mean a dollar amount equal to the product obtained by multiplying (a) the percentage Partnership interest in question, expressed as a decimal, by (b) the Fair Market Value of the Partnership's assets as determined in accordance with Section 15.2.

15.2. The Fair Market Value of the Partnership's assets shall be determined in the following manner:

15.2.1. Within 30 days of the Offering Notice, date of death of a Decedent, Withdrawal Date or Occurrence Date, as the case may be, the remaining Partners shall select an appraiser (the "Partnership Appraiser") to determine the Fair Market Value of the Partnership's assets, and the Partnership Appraiser shall submit his determination thereof within 15 days after the date of his selection (the "Appraisal Due Date").

15.2.2. If the appraisal made by the Partnership Appraiser is unsatisfactory to the Offering Partner, the personal representatives of the Decedent or Heir, the Withdrawing Partner or the Defaulting Partner, as the case may be, then within 15 days after the date of the Appraisal Due Date, the Offering Partner, the personal representatives of the Decedent or Heir, the Withdrawing Partner or the Defaulting Partner, as the case may be, shall select an Appraiser (the "Partner's Appraiser") to determine the Fair Market Value of the Partnership's assets, and such Appraiser shall be directed to submit his determination thereof within 15 days after the date of his selection.

15.2.3. If the appraisal made by the Partner's Appraiser is unsatisfactory to the remaining Partners, then the Partnership Appraiser and the Partner's Appraiser shall select a third Appraiser (the "Appraiser") to determine the Fair Market Value of the Partnership's assets and such Appraiser shall be directed to submit his determination thereof within 15 days after the date of his selection. The Appraiser's determination thereof shall be binding upon the Partnership, the remaining Partners and the Offering Partner, the personal representatives of the Decedent or Heir, the Withdrawing Partner or the Defaulting Partner, as the case may be.

15.3. Any and all appraisers selected in accordance with the provisions of this Section 15 shall be recognized professional appraisers or consultants regularly engaged in the business of evaluating businesses of the type or size of (or otherwise comparable to) the Partnership's business, who shall be directed to conduct their appraisals provided for in this Section 15 in accordance with generally accepted standards and used methods, and all costs and expenses (including professional fees) incurred in connection with any of the appraisals provided for in this Section 15 shall be borne equally by the remaining Partners, and the Offering Partner, the personal representatives of the Decedent or Heir, the Withdrawing or the Defaulting Partner, as the case may be.

Section 16

INSTALLMENT PAYMENTS

If there shall be an election pursuant to the provisions of this agreement as set forth above to purchase (the Partner or the Partnership so purchasing shall be hereinafter, where appropriate, referred to as the "purchasing person") the Offering Partner's interest, the Decedent's interest, the Withdrawing Partner's interest or the Defaulting Partner's interest, as the case may be (hereinafter where appropriate, referred to as the "interest"), on an installment basis, then the terms and conditions of such installment purchase shall be as negotiated by the offering and purchasing partners.

Section 17

Notices

Any and all notices, offers, acceptances, requests, certifications and consents provided for in this Agreement shall be in writing and shall be given and be deemed to have been given when personally delivered against a signed receipt or mailed by registered or certified mail, return receipt requested, to the last address which the addressee has given to the Partnership. The

address of each Partner is set under his signature at the end of this Agreement, and each Partner agrees to notify the Partnership of any change of address. The address of the Partnership shall be its principal office.

Section 18

GOVERNING LAW

It is the intent of the parties hereto that all questions with respect to the construction of this Agreement and the rights, duties, obligations and liabilities of the parties shall be determined in accordance with the applicable provisions of the laws of the State of Illinois.

Section 19

FORBIDDEN ACTS

No Partner shall: (a) Have the right or authority to bind or obligate the Partnership to any extent whatsoever with regard to any matter outside the scope of the Partnership purpose; (b) Except as provided in this agreement, without the unanimous consent of all the other Partners, assign, transfer, pledge, mortgage, or sell all or part of his or her interest in the Partnership to any other Partner or other person whomsoever, or enter into any agreement as the result of which any person or persons not a Partner shall become interested in the Partnership; (c) Purchase an investment for the Partnership where less than the full purchase price is paid for same; (d) Use the Partnership name, credit, or property for other than Partnership purposes; or (e) Do any act detrimental to the interests of the Partnership or any act that would make it impossible to carry on the business or affairs of the Partnership.

Section 20

NEGLIGENCE LIABILITY

If, during the performance of its obligations hereunder, the Partnership or any Partner is held by a court of law or other governing body (i) to have engaged in willful misconduct; or (ii) to have been negligent in performing its obligations under this Agreement, the costs, damages, awards, and related expenses incurred by the Partnership shall be born by the Partner(s) responsible for such actions, in amounts equal to each Partner(s) liability, as determined by an arbitrator or court of competent jurisdiction, as applicable.

Section 21

MISCELLANEOUS PROVISIONS

21.1. This Agreement shall be binding upon, and inure to the benefit of, all parties hereto, their personal and legal representatives, guardians, successors, and their assigns to the extent, but only to the extent, that assignment is provided for in accordance with, and permitted by, the provisions of this Agreement.

21.2. The Partners agree that they and each of them will take whatever action or actions as are deemed by counsel to the Partnership to be reasonably necessary or desirable from time to time to effectuate the provisions or intent of this Agreement, and to that end the Partners agree that they will execute, acknowledge, seal and deliver any further instruments or documents which may be necessary to give force and effect to this Agreement or any of the provisions hereof, or to carry out the intent of this Agreement, or any of the provisions hereof.

21.3. Throughout this Agreement, where such meanings would be appropriate: (a) the masculine, feminine and neuter genders shall each be deemed to include and refer to the other two, and (b) the singular shall be deemed to include the plural and vice versa. The headings herein are inserted only as a matter of convenience and reference, and in a way define, limit or describe the scope of the Agreement, or the intent of any provisions thereof.

21.4. This Agreement and exhibits attached hereto set forth all (and are intended by all parties hereto to be an integration of all) of the promises, agreements, conditions, understandings, warranties and representations among the parties hereto with respect to the Partnership, the business of the Partnership and the property of the Partnership, and there are no promises, agreements, conditions, understandings, warranties or representations, oral or written, express or implied, among them other than as set forth herein.

21.5. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. If there is any conflict between any provision of this Agreement and any statute, law, ordinance or regulation contrary to which the Partners have no legal right to contract, the later shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to conform with said requirement of law. If any part, article, section, paragraph or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the entire Agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

21.6. Each married party to this Agreement agrees to obtain the consent and approval of his or her spouse, by the execution hereof by such spouse, to all the terms and provisions of this Agreement; provided that such execution shall be for the

sole purpose of acknowledging such spouse's consent and approval, as aforesaid, and nothing contained in this Section 24.6 shall be deemed to have constituted any such spouse a Partner in the Partnership.

21.7. Each Partner agrees to insert in his or her Will or to execute a Codicil thereto directing and authorizing his or her personal representatives to fulfill and comply with the provisions hereof and to sell and transfer his Partnership Interest in accordance herewith.

21.8. The Partnership accounting books shall be maintained at the principal office of a Partner, as mutually agreed upon, and each Partner shall at all times have access thereto as well as access to any related books and/or records of another Partner related to the Business Purpose.

21.9. Any controversy or claim arising out of or relating to this Agreement, or the breach hereof, shall be settled by arbitration in accordance with the rules, then obtaining, of the American Arbitration Association, and judgment upon the award rendered may be entered in any court having jurisdiction thereof.

21.10. A Partner who retires, withdraws or otherwise assigns his/her rights from the Partnership shall not directly or indirectly engage in a business which is or which would be competitive with the existing or then anticipated business of the Partnership for a period of two (2) years in those counties of the State of Illinois where the Partnership is currently doing business.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals and acknowledged this Agreement as of the date first above written.

Sam Hin Tung

Hui Tung Carol Lam

Address:
808 Wilkinson Place
Park Ridge, IL 60068

Partnership Interest: 33.66%

Shawn Cohen

Shawn Cohen

Address:
165 Gulfport Court
Marco Island, FL 34145

Partnership Interest: 29.00%

Donald Briggs

Donald Briggs

Address:
400 SW 71st Terrace
Pembroke Pines, FL 33023

Partnership Interest: 17.31%

*** CONFIRMATION OF CREDIT ***

To: HARD MONEY COMPANY, LLC,
33 S SEAS COURT
MARCO ISLAND FL 34145

Date: 100910

Ref Number: 2010091000009489

Currency: USD

Amount: \$33487.

Account Credited: 2000051185451

Originator: /193418801
CROSSWALK PROPERTIES LLC
4800 BASELINE RD SUITE E104-290
BOULDER, CO 80303

Intermediary Institution: CHASUS33

Reference Information: /BNF/1401 W. 109TH PL, CHICAGO, IL
//60643
/IMAD/0910B1QGC06C001123

Related Ref Number: BOH OF 10/09/10

From: Shaun Cohen
Sent: Wednesday, September 15, 2010 11:28 AM CDT
To: Crosswalkproperties
Subject: Re: Closing

We received you wire of the \$33,487. I have not confirmed with the title company about the \$6K but I've never had a problem with them. Can you just tell me exactly when you wired to the title company so that I can help them find it in their bank records?

Thanks,



Shaun Cohen
Vice President
EquityBuild, Inc
shaun@equitybuild.com
Direct: (215) 407-5777
Fax: (703) 562-1886
www.equitybuild.com

My profiles:  

Contact me:  shaun.d.cohen  diogenes04@hotmail.com

Signature powered by WiseStamp

On Wed, Sep 15, 2010 at 12:15 PM, Crosswalkproperties <crosswalkproperties@comcast.net> wrote:

Hi Shaun,

Just to make sure all of the money has been sent so we are just waiting to close. I don't want the money "lost" some place since the closing is delayed.

Thanks,
Michael

On 9/15/10 5:15 AM, "Shaun Cohen" <shaun@equitybuild.com> wrote:

Hi Michael,

I wanted to let you know that it is taking a bit longer to close the property than expected because there is an administrative issue that needs to be cleared by the seller for the title to be cleared. It is in housing court for something very minor and our attorney is helping as he is deeply connected in the city. He will be able to get the case dismissed. I'll let you know as soon as I have a cleared picture of exactly when it will close but it should be by the beginning of next week.

Thanks,

Shaun Cohen
Vice President
EquityBuild, Inc
shaun@equitybuild.com
Direct: (215) 407-5777
Fax: (703) 562-1886
www.equitybuild.com <<http://www.equitybuild.com>>
My profiles: <<http://www.facebook.com/pages/EquityBuild-Inc/110750235645536?ref=sgm>>
<http://www.linkedin.com/profile?viewProfile=&key=17812460&locale=en_US&trk=tab_pro>
Contact me: shaun.d.cohen@diogenes04@hotmail.com
Signature powered by WiseStamp <<http://www.wisestamp.com/email-install>>

**General Partnership Agreement of a Business
Owned by Individuals**

**ARTICLES OF PARTNERSHIP OF 6807 S. Indiana Avenue Associates
dated March 16th, 2010.**

RECITAL

The parties hereto wish:

(a) to enter together into the business of making a real property secured note and mortgage loan.

(b) in order to provide for and carry out the foregoing, to form and do business as a general partnership under and pursuant to Illinois law.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties agree as follows:

Definitions

As used in this Agreement the terms listed below will have the meanings stated below, and other terms defined elsewhere will have the meanings there ascribed to them:

"Agreement" or "this Agreement": these Articles of Partnership.

"Partner": each or any of the parties hereto and any other Person or entity that may hereafter become a partner of this Partnership pursuant to the terms of this Agreement.

"Partnership": the general partnership formed under and pursuant to this Agreement.

"Person": a natural person, partnership, corporation, unincorporated association, trust, estate or any other entity.

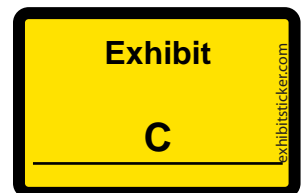
Section 1

NAME

The name of the Partnership shall be **6807 S. Indiana Avenue Associates**

Section 2

BUSINESS AND PURPOSE



3.1 The purpose of the business is making a real property secured note and mortgage loan.

3.2 The Partnership shall have authority and power to engage in any other activities necessary to conduct the business described in Section 3.1 including, by way of illustration and not limitation, arranging for and delivering deeds, deeds of trust, mortgages, notes and other evidence of indebtedness, security agreements, and other security instruments; entering into agreements for the servicing of the mortgage, and doing all things reasonably incident to the making of a real Property secured note and mortgage loan.

Section 4

TERM

The Partnership shall commence on the date of this Agreement and, unless sooner terminated in accordance with this Agreement, shall continue until the loan and mortgage originated pursuant to this agreement is paid in full, principal together with interest along with any fees due and payable under the terms of said note and mortgage.

Section 5

CAPITAL CONTRIBUTIONS

5.1. The initial capital contribution of each Partner to the Partnership shall be made within 5 days following the date of this Agreement in the amount set forth below after his or her name:

Name of Partner	Amount of Initial Contribution
Leroy Johnson	\$100,000
Hard Money Company, LLC	\$45,000
Frances Dianne Cook	\$1

5.2. An individual capital account shall be maintained for each Partner and shall consist of his or her initial capital contribution, increased by (a) additional capital contributions made by him or her and (b) his or her share of Partnership profits and gains, and decreased by (i) distributions of profits and capital to him or her and (ii) his or her share of Partnership losses, deductions and credits, and otherwise in accordance with generally accepted accounting principles.

5.3. Except as specifically provided in this Agreement or by applicable law, no Partner shall have the right to withdraw his or her contributions to the capital of the Partnership.

Section 6

PARTNERSHIP INTERESTS

6.1. Each Partner's interest in the Partnership (his or her "**Partnership Interest**") shall be as follows:

<u>Name of Partner</u>	<u>Partnership Interest</u>
Leroy Johnson	68.97%
Frances Dianne Cook	31.03%
Hard Money Company, LLC	0%
Total	100%

6.2. All profits and losses, and all items of income, gain, loss, deduction or credit, shall be shared by the Partners as follows: Leroy Johnson 68.97%, Hard Money Company, LLC 31.03% and Frances Dianne Cook 0%.

Section 7

DISTRIBUTION OF PROFITS

7.1. The Net Cash From Operations (as defined in Section 7.2) of the Partnership shall be distributed to the Partners as follows: Leroy Johnson 68.97%, Hard Money Company, LLC 31.03% and Frances Dianne Cook 0%.

7.2. As used in this Section 7, the term "Net Cash From Operations" means, with respect to any period in time:

7.2.1. The taxable income of the Partnership for federal income tax purposes as shown on the books of the Partnership for such period, increased by:

7.3. In addition to regular distributions made pursuant to Section 7.1, upon any sale, transfer or other disposition of any capital asset of the Partnership (hereinafter referred to as a "**Disposition**"), the proceeds of such Disposition net of selling or other expenses and the repayment of indebtedness secured by the asset subject to the Disposition (the "**Net Proceeds**") will be distributed to the Partners as follows: Leroy Johnson 68.97%, Hard Money Company, LLC 31.03% and Frances Dianne Cook 0%.

Section 8

SALARIES

Unless otherwise agreed by the Partners acting in accordance with Section 8 of this Agreement, no Partner shall receive any salary or other compensation.

Section 9

LEGAL TITLE TO PARTNERSHIP PROPERTY

Legal title to the property of the Partnership shall be held in the name of **6807 S. Indiana Avenue Associates**. It is contemplated that the Partners may agree to have title to Partnership Property taken and held in their own names or in the names of trustees or nominees for the Partnership, but such manner of holding title shall be solely for the convenience of the Partnership and all such property shall be treated as Partnership Property subject to the terms of this Agreement.

Section 10

TRANSFER OF PARTNERSHIP INTEREST AND PARTNERSHIP RIGHTS

Except as otherwise provided in this agreement, no Partner (hereinafter referred to as the "**Offering Partner**") shall, during the term of the Partnership, sell, hypothecate, pledge, assign or otherwise transfer with or without consideration (hereinafter collectively referred to as a "**Transfer**") any part or all of his or her Partnership Interest to any other person (a "**Transferee**"), without first offering (hereinafter referred to as the "**Offer**") that portion of his or her Partnership Interest subject to the contemplated transfer (hereinafter referred to as the "**Offered Interest**") first to the Partnership and then to the other Partners, at a purchase price (hereinafter referred to as the "**Transfer Purchase Price**") and in a manner as follows:

10.1. The Transfer Purchase Price shall be the Appraised Value (as defined in Section 18.1).

10.1.1. The Offer shall be made by the Offering Partner first to the Partnership by written notice (hereinafter referred to as the "**Offering Notice**"). Within twenty days (hereinafter referred to as the "**Partnership Offer Period**") after receipt by the Partnership of the Offering Notice, the Partnership shall notify the Offering Partner in writing (hereinafter referred to as the "**Partnership Notice**"), whether or not the Partnership shall accept the Offer and shall purchase all but not less than all of the Offered Interest. If the Partnership accepts the Offer to purchase the Offered Interest, the Partnership Notice shall fix a closing date not more than twenty-five days (hereinafter referred to as the "**Partnership Closing Date**") after the expiration of the Partnership Offer Period.

10.1.2. If the Partnership decides not to accept the Offer, the Offering Partner or the Partnership, at his or her or its election, shall, by written notice (hereinafter referred to as the "**Remaining Partner Notice**") given within the period (hereinafter referred to as the "**Partner Offer Period**") ending ten days after the expiration of the Partnership Offer Period, make the Offer of the Offered Interest to the other Partners, each of whom shall then have a period of twenty-five days (the "**Partner Acceptance Period**") after the

expiration of the Partner Offer Period within which to notify in writing the Offering Partner whether or not he or she intends to purchase all but not less than all of the Offered Interest. If the Partner intends to accept the Offer and to purchase the Offered Interest, the written notice required to be given by them shall fix a closing date not more than twenty-five days after the expiration of the Partner Acceptance Period (hereinafter referred to as the "**Partner Closing Date**").

10.2. The aggregate dollar amount of the Transfer Purchase Price shall be payable in cash on the Partnership Closing Date or on the Partner Closing Date, as the case may be,

10.3. If the Partnership or the other Partner does not accept the Offer or, if the Offer is accepted by the Partnership or the other Partner and the Partnership or the other Partner fails to purchase all of the Offered Interest at the Transfer Purchase Price within the time and in the manner specified in this Section 10, then the Offering Partner shall be free, for a period (hereinafter referred to as the "**Free Transfer Period**") of sixty days from the occurrence of such failure, to transfer the Offered Interest to a Transferee; subject only to any additional restrictions on such Transfer that may be imposed by this Agreement or any other agreement. Any such Transferee, upon acquiring the Offered Interest, shall automatically be bound by the terms of this Agreement and shall be required to join in, execute, acknowledge, seal and deliver a copy of this Agreement as a result of which he shall become an additional party hereto. If the Offering Partner shall not transfer the Offered Interest within the Free Transfer Period, his right to transfer the Offered Interest free of the foregoing restrictions shall thereupon cease and terminate.

10.4. No transfer made pursuant to this Section 13 shall dissolve or terminate the Partnership or cause the Partnership to be wound up, but, instead, the business of the Partnership shall be continued as though such Transfer had not occurred.

Section 11

PURCHASE ON DEATH

11.1. Upon the death of any Partner (hereinafter referred to as the "**Decedent**") the Partnership shall neither be terminated nor wound up but, instead, the business of the Partnership shall be continued as if such death had not occurred. Each Partner shall have the right by testamentary disposition to bequeath all or any portion of his or her Partnership Interest in the Partnership to a member of his or her immediate family (as defined in Section 21) or to any trust in which any one or more members of his or her immediate family (as defined in Section 21) retain the full beneficial interest; provided that in the case of any such bequest, the legatee or legatees shall hold the Partnership Interest received as a result of such bequest subject to the terms of this Agreement and shall be required to join in and execute, acknowledge, seal and deliver a copy of this Agreement as an additional Partner party hereto.

(a) all or any portion of the Partnership Interest owned by a Decedent at the time of his or her death shall not be bequeathed by testamentary disposition or shall be bequeathed to one or more persons other than persons to whom such a bequest is permitted under the foregoing provisions of this Section 11.1; or

(b) all or any portion of the Partnership Interest owned by a Decedent at the time of his or her death shall be bequeathed by testamentary disposition to one or more

persons (collectively, the "**Heir**") to whom such a bequest is permitted under the foregoing provisions of this Section 11.1, and (i) the Heir shall notify the Partnership in writing within six months of the date of death of the Decedent that the Heir desires to sell to the Partnership the said Partnership Interest so bequeathed to the Heir or (ii) the Heir shall die (hereinafter all or any portion of the Partnership Interest referred to in Section 14.1(a) and (b) shall be collectively referred to as the "**Decedent Interest**"),

then the Partnership shall purchase and the Decedent's personal representatives, the Heir, or the personal representatives of the Heir, as the case may be, shall sell the Decedent Interest to the Partnership in such event. The Partnership shall, by written notice addressed to the Decedent's personal representatives, the Heir, or the personal representatives of the Heir, as the case may be, fix a closing date for such purchase; the closing date shall not be less than 30 days after the appointment of such personal representatives, but in no event longer than one year after the date of death of the Decedent or of the Heir, as the case may be. The Partnership shall purchase the Decedent Interest on the closing date at a price (hereinafter referred to as the "**Decedent Purchase Price**") which shall be the Appraised Value.

11.2. The aggregate dollar amount of the Decedent Purchase Price shall be payable in cash on the closing date, unless the Partnership shall elect prior to or on the closing date to purchase the Decedent Interest in installments.

Section 12

PURCHASE UPON BANKRUPTCY OR RETIREMENT

12.1. Upon the Bankruptcy or Retirement from the Partnership of any Partner (the "**Withdrawing Partner**"), the Partnership shall not be terminated nor wound up, but, instead, the business of the Partnership shall be continued as if such Bankruptcy or Retirement, as the case may be, had not occurred, and the Partnership shall purchase and the Withdrawing Partner shall sell all of the Partnership Interest and Partnership Rights (the "**Withdrawing Partner's Interest**") owned by the Withdrawing Partner in the Partnership on the date of such Bankruptcy or Retirement (the "**Withdrawal Date**"). The Partnership shall, by written notice addressed to the Withdrawing Partner or to the legal representative of a bankrupt Partner, fix a closing date for such purchase which shall be not less than 30 days after the Withdrawal Date. The Withdrawing Partner's Interest shall be purchased by the Partnership on such closing date at a price (the "**Withdrawing Purchase Price**") which shall be the Appraised Value 12.2.

The aggregate dollar amount of the Withdrawing Purchase Price shall be payable in cash on the closing date, unless the Partnership shall elect prior to or on the closing date to purchase the Withdrawing Partner's Interest in installments.

Section 13

CERTAIN FURTHER EVENTS GIVING RIGHT TO PURCHASE OPTION

13.1. If any Partner (the "**Defaulting Partner**"):

(a) shall have filed against him or her any tax lien respecting all or substantially all of his or her property and such tax lien shall not be discharged, removed

or provided for in full by bond within ^ days of the date on which it was filed; or

(b) shall subject his or her Partnership Interest or any part thereof or interest therein or his or her Partnership Interest or any part thereof or interest therein shall otherwise be made or become subject to a judgment lien, a charging order or similar charge or encumbrance entered by any court of competent jurisdiction,

then, immediately upon the occurrence of either of said events (the "**Occurrence Date**"), the Partnership shall have the right and option, exercisable by written notice to the Defaulting Partners, within 30 days of the Occurrence Date, to purchase from the Defaulting Partner, who shall sell to the Partnership, all of the Partnership Interest (the "**Defaulting Partner's Interest**") owned by the Defaulting Partner in the Partnership on the Occurrence Date. The Partnership shall, by written notice delivered to the Defaulting Partner or his successors, fix a closing date for such purchase which shall be not less than 30 days after the Occurrence Date. The Defaulting Partner's Interest shall be purchased by the Partnership on such closing date at a price (the "**Defaulting Partner's Purchase Price**") which shall be the Appraised Value .

13.2. The aggregate dollar amount of the Defaulting Partner's Purchase Price shall be payable in cash on the closing date, unless the Partnership shall elect prior to or on the closing date to purchase the Defaulting Partner's Interest in installments.

Section 14

CERTAIN TAX MATTERS

It is the intention of the parties that the Transfer Purchase Price, the Decedent Purchase Price, the Withdrawing Purchase Price and the Defaulting Partner's Purchase Price shall constitute and be considered as made in exchange for the interest of the retired Partner in Partnership Property, including good will, within the meaning of Section 736(b) of the Internal Revenue Code of 1986, as amended.

Section 15

THE APPRAISED VALUE

15.1. The term "Appraised Value" as used in this Agreement shall mean a dollar amount equal to the product obtained by multiplying (a) the percentage Partnership Interest in question, expressed as a decimal, by (b) the Fair Market Value of the Partnership's assets as determined in accordance with Section 18.2.

15.2. The Fair Market Value of the Partnership's assets shall be determined in the following manner:

15.2.1. Within 30 days of the Offering Notice, date of death of a Decedent, Withdrawal Date or Occurrence Date, as the case may be, the remaining Partners shall select an appraiser (the "**Partnership Appraiser**") to determine the Fair Market Value of the Partnership's assets, and the Partnership Appraiser shall submit his determination thereof within 15 days after the date of his selection (the "**Appraisal Due Date**").

15.2.2. If the appraisal made by the Partnership Appraiser is unsatisfactory to the Offering Partner, the personal representatives of the Decedent or Heir, the Withdrawing Partner or the Defaulting Partner, as the case may be, then within 15 days after the date of the Appraisal Due Date, the Offering Partner, the personal representatives of the Decedent or Heir, the Withdrawing Partner or the Defaulting Partner, as the case may be, shall select an Appraiser (the "**Partner's Appraiser**") to determine the Fair Market Value of the Partnership's assets, and such Appraiser shall be directed to submit his determination thereof within 15 days after the date of his selection.

15.2.3. If the appraisal made by the Partner's Appraiser is unsatisfactory to the remaining Partners, then the Partnership Appraiser and the Partner's Appraiser shall select a third Appraiser (the "**Appraiser**") to determine the Fair Market Value of the Partnership's assets and such Appraiser shall be directed to submit his determination thereof within 15 days after the date of his selection. The Appraiser's determination thereof shall be binding upon the Partnership, the remaining Partners and the Offering Partner, the personal representatives of the Decedent or Heir, the Withdrawing Partner or the Defaulting Partner, as the case may be.

15.3. Any and all appraisers selected in accordance with the provisions of this Section 15 shall be recognized professional appraisers or consultants regularly engaged in the business of evaluating businesses of the type or size of (or otherwise comparable to) the Partnership's business, who shall be directed to conduct their appraisals provided for in this Section 15 in accordance with generally accepted standards and used methods; and all costs and expenses (including professional fees) incurred in connection with any of the appraisals provided for in this Section 15 shall be borne equally by the remaining Partners, and the Offering Partner, the personal representatives of the Decedent or Heir, the Withdrawing or the Defaulting Partner, as the case may be.

Section 16

INSTALLMENT PAYMENTS

16.1. If there shall be an election pursuant to the provisions of this agreement as set forth above to purchase (the Partner or the Partnership so purchasing shall be hereinafter, where appropriate, referred to as the "**purchasing person**") the Offering Partner's interest, the Decedent's Interest, the Withdrawing Partner's Interest or the Defaulting Partner's Interest, as the case may be (hereinafter where appropriate, referred to as the "**Interest**"), on an installment basis, then the terms and conditions of such installment purchase shall be as negotiated by the offering and purchasing partners.

Section 17

Notices

Any and all notices, offers, acceptances, requests, certifications and consents provided for in this Agreement shall be in writing and shall be given and be deemed to have been given when personally delivered against a signed receipt or mailed by registered or certified mail, return receipt requested, to the last address which the addressee has given to the Partnership. The address of each Partner is set under his signature at the end of this Agreement, and each Partner agrees to notify the Partnership of any change of address. The address of the

Partnership shall be its principal office.

Section 18

GOVERNING LAW

It is the intent of the parties hereto that all questions with respect to the construction of this Agreement and the rights, duties, obligations and liabilities of the parties shall be determined in accordance with the applicable provisions of the laws of the State of Illinois.

Section 19

MISCELLANEOUS PROVISIONS

19.1. This Agreement shall be binding upon, and inure to the benefit of, all parties hereto, their personal and legal representatives, guardians, successors, and their assigns to the extent, but only to the extent, that assignment is provided for in accordance with, and permitted by, the provisions of this Agreement.

19.2. The Partners agree that they and each of them will take whatever action or actions as are deemed by counsel to the Partnership to be reasonably necessary or desirable from time to time to effectuate the provisions or intent of this Agreement, and to that end the Partners agree that they will execute, acknowledge, seal and deliver any further instruments or documents which may be necessary to give force and effect to this Agreement or any of the provisions hereof, or to carry out the intent of this Agreement, or any of the provisions hereof.

19.3. Throughout this Agreement, where such meanings would be appropriate: (a) the masculine, feminine and neuter genders shall each be deemed to include and refer to the other two, and (b) the singular shall be deemed to include the plural and vice versa. The headings herein are inserted only as a matter of convenience and reference, and in a way define, limit or describe the scope of the Agreement, or the intent of any provisions thereof.

19.4. This Agreement and exhibits attached hereto set forth all (and are intended by all parties hereto to be an integration of all) of the promises, agreements, conditions, understandings, warranties and representations among the parties hereto with respect to the Partnership, the business of the Partnership and the property of the Partnership, and there are no promises, agreements, conditions, understandings, warranties or representations, oral or written, express or implied, among them other than as set forth herein.

19.5. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. If there is any conflict between any provision of this Agreement and any statute, law, ordinance or regulation contrary to which the Partners have no legal right to contract, the later shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to conform with said requirement of law. If any part, article, section, paragraph or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the entire Agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

19.6. Each married party to this Agreement agrees to obtain the consent and approval

of his or her spouse, by the execution hereof by such spouse, to all the terms and provisions of this Agreement; provided that such execution shall be for the sole purpose of acknowledging such spouse's consent and approval, as aforesaid, and nothing contained in this Section 24.6 shall be deemed to have constituted any such spouse a Partner in the Partnership.

19.7. Each Partner agrees to insert in his or her Will or to execute a Codicil thereto directing and authorizing his or her personal representatives to fulfill and comply with the provisions hereof and to sell and transfer his Partnership Interest in accordance herewith.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals and acknowledged this Agreement as of the date first above written.

Leroy Johnson

Address:
1511 Kirkwood Dr
Geneva, IL 60134

Partnership Interest: 68.97%

Frances Dianne Cook

Address:
P.O. Box 1343
Columbus, NM 88029

Partnership Interest: 31.03%

Hard Money Company, LLC

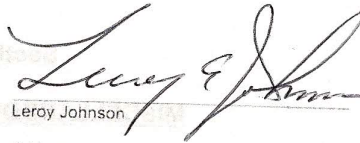
Address:
9155 Delano St., #9802
Naples, FL 34113

Partnership Interest: 0%

of his or her spouse, by the execution hereof by such spouse, to all the terms and provisions of this Agreement; provided that such execution shall be for the sole purpose of acknowledging such spouse's consent and approval, as aforesaid, and nothing contained in this Section 24.6 shall be deemed to have constituted any such spouse a Partner in the Partnership.

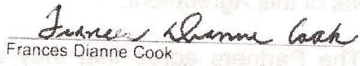
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Leroy Johnson

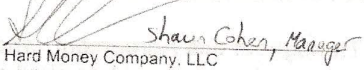
Address:
1511 Kirkwood Dr
Geneva, IL 60134

Partnership Interest: 68.97%


Frances Dianne Cook

Address:
P.O. Box 1343
Columbus, NM 88029

Partnership Interest: 31.03%


Shaun Cohen, Manager
Hard Money Company, LLC

Address:
9155 Delano St., #9802
Naples, FL 34113

Partnership Interest: 0%

Memorandum

To: Mrs. Frances Dianne Cook
From: Hard Money Company, LLC c/o Shaun Cohen
Date: March 19th, 2012
Re: 6807 S Indiana Avenue Associates, a Florida partnership

Summary

On or about March 16th, 2011, an agreement was made by and between Mr. Leroy Johnson, Mrs. Frances Dianne Cook and Hard Money Company, LLC, to form a Florida partnership to be known as 6807 S Indiana Avenue Associates, in order to purchase a real property secured note and mortgage loan.

On or about March 14th, 2012, Hard Money Company, LLC, as represented by Mr. Shaun Cohen, MA, agreed to sell and Edge Investments, LLC, of Princeton, New Jersey, represented by Janet Turco agreed to purchase, the partnership interest of Hard Money, LLC, and Mrs. Frances Dianne Cook for the sum of \$45,000.00. This amount purchased Hard Money Company's interest in the partnership representing 0% of the current issued and outstanding partnership interests in the partnership. This amount purchased Mrs. Frances Dianne Cook's interest in the partnership representing 31.03% of the current issued and outstanding partnership interests in the partnership. Edge Investments, represented by Janet Turco, agreed to be bound by the existing partnership agreement between the original parties and substitute itself into the position of both Hard Money Company, LLC and Mrs. Frances Dianne Cook.

This transaction was agreed to by the parties and without objection from the remaining partners in 6807 S Indiana Avenue Associates and this memorandum will be provided to all the parties to the partnership agreement in order to memorialize this transaction. This memorandum in no way affects the rights and responsibilities of the several parties and partners and the partnership remains governed by the existing partnership agreement and Florida law, without reference to the principles of conflicts of laws.

Respectfully submitted,

Ralph M. Sherman, Esq.
Securities Counsel to Hard Money, LLC
Licensed in Massachusetts and Michigan