

SERVICE AGREEMENT (LOANS ARRANGED BY MEDALLION GOLD)

Investor(s): _____

Creation of the Relationship

This Service Agreement shall be applicable to any loans evidenced by a promissory note secured by a deed of trust on real property in which the Investor named above made an investment through Medallion Gold Inc., a California corporation. The investments include loans evidenced by a promissory note secured by a deed of trust on real property in which the Investor or the Investor's authorized representative is a beneficiary under a deed(s) of trust and/or a payee under a promissory note that was arranged by Medallion Gold Inc., a California corporation (a "Loan" or "Loans") or in which the Investor has an ownership interest (on record or off record) in real property acquired by foreclosure of a Loan or other means ("REO's").

The Investor hereby hires Medallion Gold Inc., a California corporation and its affiliate Medallion Servicing LLC, a California limited liability company ("Servicing Agent") to be its agent to manage, service and liquidate the Loans and REO's.

The Authority of the Servicing Agent

The Investor authorizes Servicing Agent to do the following acts:

1. To retain and pay from Service Fees and Super Priority Debt (defined below) individuals and entities to perform all of the services described below that involve the Loans and REO's, including, without limitation, staff, managers, real estate brokers and professionals to represent the Investor or the investment of the Investor. However, the normal service fee earned by the Servicing Agent shall not be paid from the Super Priority Debt.
2. To collect and disburse Loan payoffs, interest payments, principal payments, late charges, prepayment penalties or charges, and any other payments, charges, costs or attorneys' fees which become due and payable under any loan(s) described above. However, the Servicing Agent will not accept a discounted or reduced payoff of a Loan in excess of 10% of the principal without consent of the owners of the Loan who own at least 51% of the Loan.
3. To cause to be prepared, executed and recorded on behalf of the Investor notices of default, notices of trustee's sale, trustee's deeds, rescission of notices of default, partial and/or full reconveyances and any other documents which the Servicing Agent in its discretion believes are necessary to protect the security of the Loans.
4. To cause to be prepared and executed on behalf of the Investors escrow instructions, loan documents, promissory notes, deeds of trust, statements of condition, payoff demands, modifications and/or extensions of the promissory note(s) and/or deed(s) of trust, bidding authorizations at foreclosure sales and any other documents which the Servicing Agent in its discretion believes are necessary to protect the security of the Loans.
5. To fund loans, to secure title insurance, hazard insurance, title and escrow services, to negotiate settlements with insurers, owners and other claimants and to take any other action which the Servicing Agent in its discretion deems necessary or convenient to the creation, collection, servicing or enforcement of the Loans.
6. To hold title to real property or in the note and/or deed of trust in the name of an entity for the benefit of the Investor and to convey, transfer, rent, lease, repair and do all other acts concerning the real property or the note and/or deed of trust which the Servicing Agent deems necessary. The sale of real property for an amount less than 90% of the principal that was owed under the Loan at the time the acquisition of the real property occurred will require consent of the owners of the Loan who own at least 51% of the Loan or REO.

7. The Servicing Agent is authorized to assign this agreement and the Servicing Agent is authorized to appoint and designate an alternate entity or person to act on its behalf so long as Bob Feole remains in a supervising and managing role after the assignment.
8. On an individual Loan or REO basis, the Servicing Agent is authorized to borrow money as needed to pay for extraordinary expenses such as professional services, real property taxes, insurance, payments and payoffs of prior liens or existing liens on REO's and any other cost or expense necessary to protect such Loan or REO and the Investor agrees that the lender of such borrowed money will be paid all amounts owed to such lender prior to the Investor receiving any amounts under such Loan or REO (a "Super Priority Debt"). Servicing Agent agrees to use its best efforts to obtain Super Priority Debt upon terms and conditions that reflect market rates for such loans and to not engage in any self-dealing or transactions that are not arm's length transactions unless disclosed to and approved by a majority in interest of the investors who own the Loan or REO to which the Super Priority Debt applies.
9. In the event that an interest in a Loan is converted to an interest in an REO, then the following shall apply:

Servicing Agent may (a) collect rents and other payments from the Property, (b) to pay from the rents all expenses of the Property, including, without limitation, management fees, property expenses and costs, insurance, real property taxes, eviction proceedings, and commissions, and (c) to execute all documents necessary concerning the REO, including, without limitation, protecting the REO, selling the REO and leasing and renting the REO.
10. When the Investor owns a fractional interest in a Loan or REO, the following provisions apply:

The fractional interest is held as a tenant in common in the Loan or REO with the other owners of a fractional interests. Decisions regarding the Loan or Loan shall be made by the owners of the Loan that collectively own at least 51% of the fractional interests in the Loan or REO. The Servicing Agent is authorized to provide to each such owner the names and contact information for all of such owners.

Department of Real Estate Requirements

Servicing Agent shall comply with California Business and Professions Code Section 10238(k)(1),(2), (4) and (5) and Servicing Agent will provide an accounting of the unpaid principal balance at the end of each year, an accounting of collections and disbursements received and made during each year and the location of the original note. Trust accounts will be maintained as required.

Charges and Fees against Loans and REO's

In addition to raising money by means of Super Priority Debt, Servicing Agent will assess the following charges which investor agrees to pay:

Service Fee. All Loans or REO's will be assessed a charge of one-tenth of one percent per month (.1%) of the outstanding loan balance whether a payment or income is received or not (the "Service Fee"). If the Service Fee for a particular month is not received for a particular Loan or REO, the Service Fee will accrue and will be collected by the Servicing Agent at such time as payments, income, a payoff or proceeds from the sale of the REO are received.

The Investor is entitled to receive all interest, principal and late charges which are collected less fees set forth above and any applicable Super Priority Debt in accordance with the Investors fractional interest after all outstanding obligations have been paid. The Servicing Agent is authorized to retain the Service Fee and collect the Reserve Fund from the payments received under the Loans and REO's. All other amounts collected under the loan, including, without limitation, foreclosure fees and costs, shall be retained by the Servicing Agent, as reimbursement for costs advanced on behalf of the Investor. If Investor terminates Servicing Agent, then all amounts owed to Servicing Agent are due based on the original principal balance of the Loan.

The Investor agrees to become a member of an entity (general partnership, limited liability company, or other) as deemed appropriate by Servicing Agent which, in the discretion of Servicing Agent, is prudent to efficiently perform functions related to the Loans or REO's. By signing below, the investor agrees to join such other entity as a partner or member or other and will execute all documents necessary to create and join such entity.

SERVICING AGENT IS NOT REQUIRED TO ADVANCE ANY MONIES OR FUNDS TO THE INVESTOR, THE LOAN OR THE REO'S FOR ANY REASON.

“Investor” _____

Dated: _____