

OPERATING AGREEMENT

OF

BROS MONROE-OREGON LLC

AN OREGON LIMITED LIABILITY COMPANY

**OPERATING AGREEMENT
OF
BROS MONROE-OREGON LLC,
An Oregon Limited Liability Company**

This Operating Agreement (the "Agreement") of BrosMonroe-Oregon LLC, an Oregon limited liability company, is entered into by and between BrosMonroe-Oregon LLC and Brosmonroe, LLC, a Washington limited liability company, its sole member (the "member").

ARTICLE 1 - FORMATION OF COMPANY

1.1 Name. The name of the limited liability company (the "Company") is BrosMonroe-Oregon LLC.

1.2 Formation. The Company was formed on July 30, 2004, pursuant to ORS Chapter 63 (the "Act") when its Articles of Organization were filed with the office of the Secretary of State.

1.3 Principal Place of Business. The Company's principal place of business is c/o 1901 SE Grand Avenue, Portland, Multnomah County, Oregon.

1.4 Registered Office and Registered Agent. The Company's registered agent in Oregon is John C. Ramig; his address is 121 SW Morrison, Suite 1500, Portland, Oregon 97204. The registered office and/or registered agent may be changed by the member as provided in ORS 63.114(1).

1.5 Defects as to Formalities. A failure to observe any formalities or requirements of this Agreement, the Articles or the Act shall not be grounds for imposing personal liability on the member for the liabilities of the Company.

ARTICLE 2 - BUSINESS OF COMPANY

The business of the Company shall be (a) to acquire and manage real estate, and (b) to carry on any other lawful business or activity which may be conducted by a limited liability company organized under the Act.

ARTICLE 3 - MEMBER, CONTRIBUTION, AND MANAGEMENT

3.1 Name and Address of Member. The member's name and address is Brosmonroe, LLC, c/o 1907 SE Grand Avenue, Portland, Oregon 97214.

3.2 Contribution. The member shall make the contribution described on Exhibit A having the value there specified. No interest shall accrue on any contribution and the member shall not have the right to withdraw or be repaid any contribution except as provided in this Agreement. The member may, with the approval of the manager, make additional contributions, but, notwithstanding anything to the contrary in this Agreement, the member shall have no obligation to do so.

3.3 Management Rights. The member shall only be entitled to consent to any matter submitted by the manager for consent of the member, which shall include (without limitation):

3.3.1 Taking or approving any action or transaction which is irrevocably reserved to the member by the Act or this Agreement.

3.4 Member Liability and Indemnification. Except as otherwise provided by law, the Articles or this Agreement, the member shall have no personal liability, merely as a member, for any liabilities or losses of the Company beyond the member's contributions. The Company shall indemnify the member for all costs, losses, liabilities, and damages paid or accrued by the member in connection with the business of the Company, and shall advance expenses incurred by the member in connection with the business of the Company, all to the fullest extent provided or allowed by the laws of Oregon.

ARTICLE 4 - MANAGERS

4.1 General.

4.1.1. Number, Appointment, Term and Requirements. Managers need not be members. The Company shall initially have two managers, Michael Monroe and Daniel Monroe. Any additional or replacement managers shall be designated by the current manager or managers. Unless he is limited to a specific term, a manager shall hold office until the manager resigns, dies, is adjudicated incompetent to manage his or her estate by a court of competent jurisdiction, or (in the case of a manager who is not an individual) resigns, dissolves, or otherwise ceases to exist. If the manager ceases to act as manager, the member shall act as a manager until a replacement is named by the member.

4.1.2 Resignation. A manager may resign at any time by giving written notice to the remaining managers (or, if none, to the member), and, unless otherwise specified in the notice, such resignation shall be effective upon receipt. Managers may be removed at any time by the member, but only if the manager is adjudicated incompetent, otherwise becomes incapable of competently performing his or her managerial functions, or engages in acts or non-actions constituting gross negligence, willful wrongdoing or neglect, repeated material violations of the Articles or this Agreement, or other acts or nonaction threatening the ability of the Company to successfully carry on its business. The resignation or removal of a manager who is also a member shall not constitute a

withdrawal as a member or affect the manager's rights as a member. A manager shall be liable to the company for any damages resulting from the manager's resignation.

4.1.3 Action by Managers. If there is more than one manager, then a majority of the managers shall act for the managers unless otherwise required by the Act or this Agreement. Unless otherwise expressly provided by law or this Agreement, a manager with an economic interest in the outcome of an action may vote on or consent to such action. Managers may act with or without a meeting, and may communicate by any reasonable means of communication.

4.2 Authority of the Managers. Subject to the limitations and restrictions set forth in the Act or this Agreement (including, without limitation, those set forth in this Article 4), the managers shall have the sole and exclusive right to manage the business of the Company and shall have all of the rights and powers which may be possessed by managers under the Act or this Agreement. Only the managers may commence a voluntary bankruptcy case for the Company and any such commencement shall require the consent of the member.

4.3 Managers' Expense Reimbursement and Compensation. Unless the member is the manager, the manager shall receive reasonable annual compensation and benefits for services rendered to the Company. Reasonable compensation is to be measured by the time required in administering the Company's affairs, the value of Company property, and the responsibilities assumed in discharging the duties of manager. The manager shall be reimbursed by the Company for reasonable out-of-pocket expenses incurred and substantiated by the manager in connection with the Company's business, including, without limitation, expenses incurred in the Company's organization.

4.4 Right to Delegate. The manager may delegate some or all managerial duties to persons the manager reasonably believes competent to perform such duties. A person to whom such duties are delegated shall be treated as a manager in the performance of such duties for all purposes, including, without limitation, for purposes of limiting personal liability and/or indemnification under Section 4.8 hereof.

4.5 Managers as Members' Attorneys-In-Fact. The signature of a manager shall be necessary and sufficient to convey title to any Company property or to execute any contracts, promissory notes, trust deeds, mortgages, or other instruments of hypothecation or obligation on behalf of the Company, and all of the members agree that a copy of this Agreement may be shown to the appropriate parties in order to confirm the same, and further agree that the signature of any manager shall be sufficient to execute any "statement of Company" or other documents necessary to effectuate this or any other provision of this Agreement. All of the members do hereby appoint the manager as their attorney(s)-in-fact for the execution of any or all of the documents described in this Section 4.7.

4.6 Manager Liability and Indemnification. Except as otherwise provided by law or this Agreement, a manager shall not be personally liable, merely as a manager, for any debts or losses of the Company, and shall not be liable to the Company or its members for monetary damages or otherwise for conduct undertaken as a manager. A manager who performs the duties as manager in a manner which such manager believes, in good faith, to be in accordance with this Agreement shall not have any liability by reason of being or having been a manager. The Company shall indemnify the manager and make advances for expenses to the maximum extent permitted under the Act. Any indemnification required to be made by the Company under this Agreement shall be made promptly following the fixing of the liability, loss, damage, cost or expense (including attorney fees) incurred or suffered by a final judgment of any court, settlement, contract or otherwise.

ARTICLE 5 - CONFLICTS OF INTEREST

5.1 Duty of Loyalty. The member and any manager may have and engage in business and investment interests and activities other than those of the Company. The member shall owe no duty of loyalty to the Company, except that, to the extent that the member is exercising the rights of a manager, the member shall be treated for purposes of this Section 5.1 and Section 5.2 as a member who is a manager. Managers shall have the following duty of loyalty to the Company: (a) to account to and hold for the Company any property, profit or benefit derived in the conduct or winding up of the Company's business, or derived from the manager's use of Company property, including the appropriation of Company opportunities; (b) to refrain from dealing with the Company in a manner adverse to the Company; (c) to refrain from representing a party whose interest is adverse to the Company in the conduct or winding up of the Company's business; and (d) to refrain from competing with the Company in the conduct of its business prior to its dissolution.

5.2 Exceptions to the Duty of Loyalty. Notwithstanding Section 5.1, a manager shall not violate the manager's duty of loyalty to the Company solely by: (a) furthering the manager's own interest; (b) lending money to or transacting other business with the Company; or (c) engaging or taking part (whether on the manager's own behalf or on behalf of another person) in any other transactions or activities approved or ratified by a vote of the member after full disclosure of all material facts. The exceptions to the duty of loyalty in subsection (c) of this immediately preceding sentence shall apply whether or not such transactions might otherwise be considered adverse to, competitive with, or an opportunity of the Company. The rights of a manager who lends money to or transacts other business with the Company shall be the same as a person who is not a manager of the Company.

ARTICLE 6 - TAXES

6.1 Elections. The managers may make any tax elections for the Company allowed under the Internal Revenue Code of 1986 as amended from time to time or the tax laws of any state or other jurisdiction having taxing jurisdiction over the Company.

6.2 Taxes of Taxing Jurisdictions. To the extent that the laws of any taxing jurisdiction require, the managers will prepare and the member will execute and submit an agreement indicating that the member will make timely income tax payments to the taxing jurisdiction and that the member accepts personal jurisdiction of the Taxing jurisdiction with regard to the collection of income taxes attributable to the member's income, and interest, and penalties assessed on such income, if such agreement is required by the taxing jurisdiction. If the member fails to provide such agreement, the Company may withhold and pay over to such taxing jurisdiction the amount of tax, penalty and interest determined under the laws of the taxing jurisdiction with respect to such income. Any such payments with respect to the income of the member shall be treated as a distribution for purposes of Article 7.

ARTICLE 7 - DISTRIBUTIONS

The Company may make distributions at such times and in such amounts as determined by the manager.

ARTICLE 8 - DISPOSITION OF MEMBERSHIP INTEREST AND ADMISSION OF ASSIGNEES AND ADDITIONAL MEMBERS

8.1 Transfers. Any sale, gift, assignment, foreclosure, charging order under ORS 63.259, or other disposition or transfer (collectively "Transfer") of all or a portion of the member's interest shall be subject to the provisions of this Article 8. A member shall cease being a member as to the transferred interest upon Transfer, but shall retain any liability with respect to such interest as if the transfer had not occurred. As to any transferred interest, until a transferee is admitted as a substitute member pursuant to Section 8.2, all prior transferors remain parties to this Agreement and the recipient of the transferred interest is not eligible to be voted in member actions, elections, or consents. Until admitted as a substitute member pursuant to Section 8.2, the transferee shall not be entitled to exercise any of the rights of a member, except that the transferee shall be entitled to the economic rights of the transferred interest. The transferor shall be liable for all legal fees, costs, expenses, damages, and taxes attributable to the Transfer, including (without limitation) those attributable to the actual effects and determining the effects of such Transfer under federal and state tax and securities laws. The Company need not recognize any such Transfer until the Company is provided with (a) the transferor's written notice of the transfer; (b) the transferee's agreement to be bound by this Agreement; and, (c) the transferee's name, any facsimile number, address, taxpayer

identification number, and any other information the Company may reasonably request of either the transferee or the transferor.

8.2 Admission of Substitute and Additional Members.

8.2.1 Substitute Members. In the case of a Transfer of the member's interests, the transferee shall only be admitted as a substitute member upon the consent of the manager.

8.2.2 Additional Members. A person may be admitted as an additional member (i.e., a member receiving his or her membership interest directly from the Company) upon the consent of the manager.

8.2.3 Consent to Admission. The manager may withhold his consent to admission in Section 8.2.1 for any reason or for no reason, and may condition such consent upon any terms or conditions he deems appropriate. At a minimum, the manager shall require, as necessary preconditions to a nonmember becoming a substitute member or any person becoming an additional member, that such prospective member:

8.2.3.1 Become a party to this Agreement;

8.2.3.2 Supply name, any facsimile number, address, taxpayer identification number, and any other pertinent requested information; and

8.2.3.3 If the prospective member is not an individual of legal majority, the prospective member provides the Company with evidence satisfactory to counsel for the Company of the authority of the prospective member to become a member and to be bound by the terms and conditions of this Agreement.

ARTICLE 9 - DISSOLUTION AND WINDING UP

9.1 Events of Dissolution. The Company shall dissolve upon the earliest of the following events ("dissolution events"): (a) the time, if any, specified in the Articles; (b) the occurrence of a cessation event which causes the Company to have no remaining members; or (c) at the time determined by the member in its sole discretion. Cessation events other than those specified in Section 1(b) shall not cause the Company to dissolve.

9.2 Effect of Dissolution. Upon dissolution, the Company shall cease carrying on as business except to wind up current Company business. The Company is not terminated until the winding up of the affairs of the Company is completed and the certificate of dissolution has been issued by the Secretary of State.

9.3 Distribution of Assets on Dissolution. Upon the winding up of the Company, the Company's assets shall be distributed as follows:

9.3.1 To creditors, including the member if it is a creditor, to the extent permitted by law, in satisfaction of Company liabilities; and

9.3.2 To the member.

Such distributions shall be in cash, property other than cash, or partly in both, as determined by the member.

9.4 Winding Up and Articles of Dissolution. The winding up of the Company shall be completed when all debts, liabilities, and obligations of the Company have been paid and discharged or reasonably adequate provision therefor has been made, and all of the remaining property and assets of the limited liability company have been distributed to the member by the manager. Upon the completion of winding up of the Company, the manager shall deliver articles of dissolution to the Secretary of State for filing. The articles of dissolution shall set forth the information required by the Act.

ARTICLE 10 - MISCELLANEOUS PROVISIONS

10.1 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of Oregon.

10.2 Amending the Articles or this Agreement. This Agreement may be amended or modified from time to time only by a written instrument adopted by the member and the manager on behalf of the Company and executed by the member and the manager on behalf of the Company.

10.3 Entire Agreement. This Agreement represents the entire agreement between the member and the Company.

10.4 Rights of Creditors and Third Parties Under Operating Agreement. This Agreement is entered into between the Company and the member for the exclusive benefit of the Company, its member, and their successors and assignees. 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 the member with respect to any capital contribution or otherwise.

10.5 Construction. Whenever required by the context of this Agreement, the singular shall include the plural and vice versa, and the masculine, feminine and neuter genders shall be considered interchangeable.

10.6 Headings. The headings in this Agreement are inserted for convenience only and shall not affect the interpretations of this Agreement.

10.7 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

10.8 Successors-In-Interest. Each of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

10.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

Executed by the parties effective as of July 30, 2004.

COMPANY:

MEMBER:

BROSMONROE-OREGON LLC

BROSMONROE, LLC

By: 
Michael Monroe, Manager

By: 
Michael Monroe, Manager

EXHIBIT A

Member Information

Name of Member	Initial Capital Contribution	Value of Contribution
Brosmonroe, LLC	\$100.00	\$100.00