

M980000000831

Advanced Financial Company LLC

5050 Avenida Encinas, Suite 200

Carlsbad, CA 92008

760-431-4550 F--760-431-4580

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 AUG -3 AM 9:59

MEMO

DATE: 7/14/98

TO: Florida Div. of Corps., Registration Section

FR: Karl Higgins
Direct Line is 619-697-4229
Direct Fax is 619-460-6112

RE: Cert. of Auth. Application

Enclosed please find an original Calif. certificate of good standing dated April 30th, within 90 days, along with our application and check for \$293.75. The filing fees cover our:

- \$250 application and affidavit
- \$35 designation of registered agent
- \$8.75 for a certificate of status to be returned to the above address please

Also included is our affidavit of membership and contributions of a foreign LLC and the accompanying attachment for contributions other than cash.

Please contact me with any additional questions you may have regarding this application at the direct number listed above. Thank you.

200002591752--5
-07/17/98--01059--001
****293.75 ****293.75

Name	
Availability	MHA
Document	
Examiner	MHA
Updater	MHA
Updater	
Verifier	MHA
Acknowledgement	MHA
W. P. Verifier	MHA

M98-831



FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham
Secretary of State

July 20, 1998

KARL HIGGINS
ADVANCED FINANCIAL COMPANY LLC
5050 AVENIDA ENCINAS, STE 200
CARLSBAD, CA 92008

SUBJECT: ADVANCED FINANCIAL COMPANY LLC
Ref. Number: W98000016369

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We have received your document for ADVANCED FINANCIAL COMPANY LLC and your check(s) totaling \$293.75. However, the enclosed document has not been filed and is being returned for the following correction(s):

The name designated in your document is not available. Therefore, the limited liability company must adopt an alternate name for use in the state of Florida. To adopt an alternate name the entity must submit a resolution signed by a managing member or manager adopting the alternate name for use in the state of Florida. The alternate name must end with "L.L.C.," "L.C.," "Limited Liability Company" or "Limited Company."

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 487-6967.

Michelle Hodges
Document Specialist

Letter Number: 098A00038259

7/28 -
8:44 Am
Tel Conf w/ Michelle Hodges - OK for use Advanced
Financial Company of California LLC - Sent Board
Resolution to her attn w/ packet -

**UNANIMOUS WRITTEN CONSENT OF MEMBERS
OF
ADVANCED FINANCIAL COMPANY, LLC**

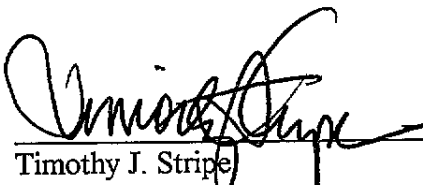
The undersigned, being all the members of ADVANCED FINANCIAL COMPANY, LLC, a California limited liability company ("Company"), by their signature below, hereby adopt the following resolutions on behalf of the Company, pursuant to the California Corporations Code.

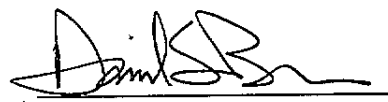
I. Adoption of "Advanced Financial Company of California, LLC"

A. WHEREAS, the Members wish to use the name "Advanced Financial Company of California LLC" for various purposes including in its collection registration filing in the State of Florida.

B. RESOLVED, the Members are hereby authorized and directed to take the steps necessary to conduct business in the State of Florida under the name "Advanced Financial Company of California LLC".

Dated: July 29, 1998


Timothy J. Stripe
Member and Director


David S. Brown
Member and Director

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**APPLICATION BY FOREIGN LIMITED LIABILITY COMPANY FOR AUTHORIZATION TO
TRANSACTION BUSINESS IN FLORIDA**

*IN COMPLIANCE WITH SECTION 608.503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN
LIMITED LIABILITY COMPANY TO TRANSACTION BUSINESS IN THE STATE OF FLORIDA:*

1. Advanced Financial Company LLC
(Name of foreign limited liability company must end with the words "limited company" or their abbreviation "L.C." if not so contained in the name at present.)
2. Calif.
(Jurisdiction under the law of which foreign limited liability company is organized)
3. 33-0739275
(FEI number, if applicable)
4. Oct. 17, 1995
(Date of Organization)
5. Dec. 31., 2035
(Duration: Year limited liability company will cease to exist or "perpetual")
6. Sept. 1, 1998
(Date first transacted business in Florida. (See sections 608.501, 608.502, and 817.155, F.S.))
7. 5050 Avenida Encinas, #220
Carlsbad, CA 92008
(Street address of principal office)

8. List name, title, and business address of each managing member[MGRM] or manager[MGR] who will manage the foreign limited liability company in Florida: (attach additional page if necessary)

NAME & ADDRESS:	TITLE:	NAME & ADDRESS:	TITLE:
David S. Brown	MGRM		
5050 Avenida Encinas, #220	Co-President		
Carlsbad, CA 92008			
Timothy J. Stripe	MGRM		
5050 Avenida Encinas, #220	Co-President		
Carlsbad, CA 92008			

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9. Attached is an original certificate of existence, no more than 90 days old, duly authenticated by the Secretary of State or the proper official having custody of records in the state under the law of which it is organized. (A photocopy is not acceptable. If the certificate is in a foreign language, a translation of the certificate under oath of the translator must be submitted.)

State of California



SECRETARY OF STATE

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DIVISION OF CORPORATIONS
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**CERTIFICATE OF STATUS
CALIFORNIA LIMITED LIABILITY COMPANY**

I, BILL JONES, Secretary of State of the State of California, hereby certify:

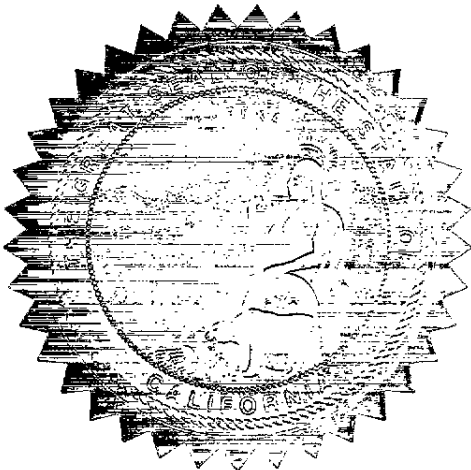
That on the 17th day of October, 1995, ADVANCED FINANCIAL COMPANY LLC became recognized under the laws of the State of California by filing its Articles of Organization in this office; and

That no record exists in this office of a certificate of cancellation of said limited liability company nor of a court declaring cancellation thereof; and

That according to the records of this office, the said limited liability company is authorized to exercise all its powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition of this limited liability company.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this
30th day of April, 1998.



Bill Jones
BILL JONES
Secretary of State

**CERTIFICATE OF DESIGNATION OF
REGISTERED AGENT/REGISTERED OFFICE**

PURSUANT TO THE PROVISIONS OF SECTION 608.415 or 608.507, FLORIDA STATUTES, THE UNDERSIGNED LIMITED LIABILITY COMPANY SUBMITS THE FOLLOWING STATEMENT TO DESIGNATE A REGISTERED OFFICE AND REGISTERED AGENT IN THE STATE OF FLORIDA.

1. The name of the Limited Liability Company is:

Advanced Financial Company LLC.

2. The name and the Florida street address of the registered agent and office are:

NRAI Services, Inc.

526 E. Park Ave. (Name)

Florida street address (P.O. Box **NOT** ACCEPTABLE)

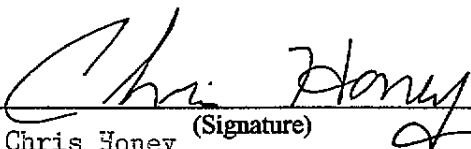
Tallahassee 32301

FL

City/State/Zip

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Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.


(Signature)

Chris Honey

Vice President

Filing Fee: \$ 35 for Designation of Registered Agent

**AFFIDAVIT OF MEMBERSHIP AND CONTRIBUTIONS OF FOREIGN
LIMITED LIABILITY COMPANY**

The undersigned member or authorized representative of a member of _____
Advanced Financial Company LLC _____ certifies:

1) the above named limited liability company has at least two members;

2) the total amount of cash contributed by the member(s) is \$ 10,000;

3) if any, the agreed value of property other than cash contributed by member(s) is \$ 495,774;
(A description of the property is attached and made a part hereto.)
and

4) the total amount of cash and property contributed and anticipated to be contributed
by member(s) is \$ 505,774;
(This total includes amounts from 2 and 3 above.)



Signature of a member or an authorized representative of a member.

(In accordance with section 608.408(3), Florida Statutes, the execution of this
affidavit constitutes an affirmation under the penalties of perjury that the facts
stated herein are true.)

David S. Brown, Member and Co-President

Typed or printed name of signee

Filing Fee: \$250.00 for Application and Affidavit

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ADVANCED FINANCIAL COMPANY LLC

Balance Sheet

December 31, 1997

ASSETS

Current assets

Cash	\$ 4,707
Accounts receivable:	
Related parties	256,980
Trade	<u>91,302</u>
Total current assets	<u>352,989</u>

Other assets

Due from members	10,000
Related party receivable	<u>132,785</u>
Total other assets	<u>142,785</u>

\$ 495,774

LIABILITIES AND MEMBERS' EQUITY

Current liabilities

Accounts payable	\$ 3,696
Accrued LLC tax	1,800
Related party payable	367,580
Deferred assessment billing	<u>29,579</u>
Total current liabilities	402,655

Members' capital	<u>93,119</u>
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\$ 495,774

See accountant's review report and accompanying notes.

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ADVANCED FINANCIAL COMPANY LLC

Statement of Income

For the Year Ended December 31, 1997

Revenues

Loan servicing	\$ 481,581
Credit/collection	<u>188,252</u>

Total revenues 669,833

Selling, general and administrative expenses:

Advertising & business development	28,000
Bank fees and charges	33,658
Computer services	28,132
Corporate office expense	19,967
Equipment rental/supplies	10,793
Insurance	3,997
Legal & professional	29,197
Management fees	79,794
Miscellaneous	15,424
Office expense	5,354
Postage	28,091
Printing	4,438
Processing fees	11,244
Recording & foreclosure expense	32,322
Rent	19,338
Salaries	155,881
Taxes - payroll	20,619
Telephone	3,686
Travel & entertainment	<u>14,315</u>

544,250

Income from operations 125,583

Provision for income taxes

2,300

Net income

\$ 123,283

See accountant's review report and accompanying notes.

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ADVANCED FINANCIAL COMPANY LLC

Statement of Members' Equity

For the Year Ended December 31, 1997

Members' equity - January 1, 1997	\$ 99,836
Net income	123,283
Distributions	<u>(130,000)</u>
Members' equity - December 31, 1997	<u>\$ 93,119</u>

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See accountant's review report and accompanying notes.

ADVANCED FINANCIAL COMPANY LLC

Statement of Cash Flows

For the Year Ended December 31, 1997

Cash flows from operating activities:

Net income \$ 123,283

Adjustments to reconcile net income to net cash
provided by operating activities:

Changes in assets and liabilities:

Increase in accounts receivable (348,282)

Increase in related party receivables (42,449)

Increase in accounts payable 3,696

Increase in related party payable 367,580

Increase in accrued income taxes 1,300

Increase in deferred assessment billings 29,579

Total adjustments 11,424

Net cash provided by operating activities 134,707

Cash flows from financing activities:

Cash distributions (130,000)

Net cash used for financing activities (130,000)

Net increase (decrease) in cash \$ 4,707

Cash at beginning of the year 0

Cash at end of the year \$ 4,707

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See accountant's review report and accompanying notes.

ADVANCED FINANCIAL COMPANY LLC
Notes to Financial Statements

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Note 1 - Organization and summary of significant accounting policies

Organization

Advanced Financial Company LLC (the Company) is a loan servicing company that includes credit and collection services. The Company is a California limited liability company.

Accounting estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts receivable

The Company provides loan services for customers, substantially all whom are in the state of California and are dependent on the timeshare vacation ownership economic sector. The Company performs credit evaluations of its customers and, generally requires no collateral. Credit risk for accounts receivable is concentrated because substantial balances are from entities located within the same geographical region.

There is no allowance for doubtful accounts because management believes that all accounts are collectible.

Income taxes

The Company, is treated as a partnership for federal income tax purposes. In lieu of federal income taxes, the members are taxed on their proportionate share of Company's earnings. The Company's net income or loss is allocated among the members in accordance with the regulations of the Company.

California law requires a minimum tax and an annual fee based on "total income". Therefore, a provision and a related liability has been included in the financial statements for California tax and annual fee.

ADVANCED FINANCIAL COMPANY LLC

Notes to Financial Statements

Note 1 - Organization and summary of significant accounting policies (continued)

Advertising costs

The Company expenses advertising costs when incurred. Advertising expense was \$28,000 for the year ended December 31, 1997.

Note 2 - Related party transactions

The Company provides loan services and credit and collection services for companies that have common partners or stockholders of the Company and are principally engaged in the the timeshare vacation ownership business. Fee income of the Company from these related parties totaled \$437,206 for the year ended December 31, 1997. Accounts receivable from these customers totaled \$256,980 at December 31, 1997.

In addition, related party receivable at December 31, 1997 consists of receivables from a related party which has common members of the Company. These amounts are due on demand, unsecured and non-interest bearing.

Related party payable at December 31, 1997 consists of payables to a company which has common members or shareholders of the Company and are principally doing business in the loan servicing industry. These amounts are due on demand, unsecured and non-interest bearing.

Management and accounting services of the Company are performed by a related companies. Management fees paid amounted to \$139,794 for the year ended December 31, 1997.

Note 3 - Supplemental cash flow information

Cash paid during the year for:

Income taxes

\$ 1,800

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