AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 3, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-SB/A No. 1

GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS
Under Section 12(b) or 12(g) of the Securities Exchange Act of 1934

ANCHOR FUNDING SERVICES, INC.
(Name of Small Business Issuer in Its Charter)

Delaware	20-5456087
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
10801 Johnston Road suite 210 Charlotte, NC (Address of Principal Executive Offices)	28226 (Zip Code)

(866) 789-3863
(Issuer's Telephone Number)

Securities to be Registered under Section 12(b) of the Act:

Title of Each Class to be so Registered	Name of Each Exchange on Which Each Class is to be Registered
None.	

Securities to be Registered under Section 12(g) of the Act:

Common Stock, par value $0.001 per share
(Title of Class)

TABLE OF CONTENTS

ANCHOR FUNDING SERVICES, INC.
INDEX

FORWARD-LOOKING STATEMENTS

Some of the statements under "Item 1 - Description of Business," "Item 2 - Management's Discussion and Analysis or Plan of Operation" and included elsewhere in this Registration Statement contain forward-looking statements. All statements other than statements of historical facts contained in this Registration Statement, including statements regarding our plans, objectives, goals, strategies, future events, capital expenditures, future results, our competitive strengths, our business strategy and the trends in our industry are forward-looking statements. The words "believe," "may," "could," "will," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "appear," "forecast," "future," "likely," "probably," "suggest" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements.

Forward-looking statements reflect only our current expectations. We may not update these forward-looking statements, even though our situation may change in the future. In any forward-looking statement, where we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will be achieved or accomplished. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements due to a number of uncertainties, many of which are unforeseen, including:

- the timing and success of our acquisition strategy;
- the timing and success of our expanding our market presence in our current locations, successfully entering into new markets, adding new services and integrating acquired businesses;
- the timing, magnitude and terms of a revised credit facility to accommodate our growth;
- competition within our industry; and
- the availability of additional capital on terms acceptable to us.

In addition, you should refer to the "Risk Factors" section of this Registration Statement commencing in Item 1 for a discussion of other factors that may cause our actual results to differ materially from those implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Registration Statement will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, if at all. Accordingly, you should not place undue reliance on these forward-looking statements.

We qualify all the forward-looking statements contained in this Registration Statement by the foregoing cautionary statements.

PART I

Item 1. Description of Business.

Corporate Structure

Anchor Funding Services, Inc. (formerly BTHC XI, Inc.) was originally organized in the State of Texas as BTHC XI LLC. On September 29, 2004, BTHC XI LLC and its sister companies filed an amended petition under Chapter 11 of the United States Bankruptcy Code. On November 29, 2004, the court approved BTHC XI LLC's Amended Plan of Reorganization. On August 16, 2006, and in accordance with its Amended Plan of Reorganization, BTHC XI LLC changed its state of organization from Texas to Delaware by merging with and into BTHC XI, Inc., a Delaware corporation formed solely for the purpose of effecting the reincorporation.

Anchor Funding Services LLC, a limited liability company, was originally formed under the laws of the State of South Carolina in January 2003 and later reorganized under the laws of the State of North Carolina on August 29, 2005. Anchor Funding Services, LLC was formed for the purposes of providing factoring and back office services to businesses located in the United States and Canada. On January 31, 2007, the former BTHC XI, Inc. and certain principal stockholders entered into a Securities Exchange Agreement (the "Securities Agreement") with Anchor Funding Services, LLC and its members for Anchor Funding Services, LLC to become a wholly-owned subsidiary of the former BTHC XI, Inc. in exchange for 8,000,000 shares of Common Stock of BTHC XI, Inc. (the "Exchange").

At the time of the Exchange, the former BTHC XI, Inc. had limited operations and limited assets or liabilities. Because the members of Anchor Funding Services, LLC exchanged their equity ownership interests for an aggregate 67.7% equity ownership interest in the former BTHC XI, Inc. (computed immediately after the completion of the Exchange and before the consummation of a financing), this transaction was for accounting purposes, treated as if Anchor Funding Services, LLC was the surviving entity, as if a merger occurred between the parties. Accordingly, for the periods prior to the Exchange, our financial statements are based upon the financial position, results of operations and cash flows of Anchor Funding Services LLC. The assets, liabilities, operations and cash flows of the former BTHC XI, Inc. are included in our consolidated financial statements from January 31, 2007, the effective date of the Exchange, onward.

On April 4, 2007, the former BTHC XI, Inc. changed its corporate name to Anchor Funding Services, Inc., which is currently a holding corporation for its wholly-owned subsidiary, Anchor Funding Services, LLC. Except as otherwise provided in this Registration Statement, unless the context otherwise requires, references in this Form 10-SB to the "Company," "Anchor," "we," "us" and "our" refers collectively to the consolidated business and operations of Anchor Funding Services, Inc. and its wholly-owned operating subsidiary, Anchor Funding Services LLC.

Business Overview

Anchor's business has grown since its commencement in 2003 with minimal marketing and limited financing. Our investment objective is to create a well-recognized, national financial services firm for small businesses providing accounts receivable funding (factoring), outsourcing of accounts receivable management including collections and the risk of customer default and other specialty finance products including, but not limited to domestic and international purchase order financing, credit card financing, lawsuit financing, trade finance and government contract funding. For certain service businesses, Anchor also provides back office support including payroll, payroll tax compliance and invoice processing services. We provide our services to clients nationwide and may expand our services internationally in the future. We plan to achieve our growth objectives as described below through a combination of strategic and add-on acquisitions of other factoring and related specialty finance firms that serve small businesses in the United States and Canada and internal growth through mass media marketing initiatives. Our corporate headquarters and back office operations are located in Charlotte, North Carolina.

Factoring is the purchase of a company's accounts receivable, which provide businesses with critical working capital so they can meet their operational costs and obligations while waiting to receive payment from their customers. Factoring services also provide businesses with credit and accounts receivable management services. Typically, these businesses do not have adequate resources to manage internally their credit and accounts receivable functions. Factoring services are typically a non-recourse arrangement whereby the factor take the entire credit risk if the customer does not pay due to insolvency for any period of time or on a partial non-recourse basis where the factor takes the credit risk for a period of time, which could be 30 to 90 days after the factor purchases an account receivable such that if a client's customer becomes insolvent during this specific period of time, the factor bears the loss. Under partial non-recourse factoring, after a specific period of time, if the accounts receivable invoice is not collected, the client is required to purchase the accounts receivable invoice back from Anchor. We typically advance our clients 75% to 90% of the face value of invoices that we approve in advance on a partial non-recourse basis and pay them the difference less our fees when the invoice is collected. For our year ended December 31, 2006, our fees for services averaged 4.9% of the invoice value and are tiered such that the longer it takes us to collect on the accounts receivable invoice, the greater our fee. Since our inception, Anchor has not incurred any credit losses. To increase our service offerings, we anticipate providing full non-recourse factoring to clients in the near future.

A summary of some of the advantages of factoring for a small business is as follows:

- Faster application process since factoring is focused on credit worthiness of the accounts receivable as security and not the financial performance of the company;
- Unlimited funding based on “eligible” and “credit worthy” accounts receivable; and
- No financial covenants.

We offer our services nationwide to any type of business where we can verify and substantiate an accounts receivable invoice for delivery of a product or performance of a service and currently have client accounts in 10 states. Examples of current clients include a magazine publisher, commercial baker, transportation company, medical staffing firm, IT consulting company and a shipper of automobiles. Current clients range in size from start-up to $5 million in annual sales. Geographically, our six largest customers that account for approximately 90.0% of our accounts receivable portfolio at July 1, 2007 are located in the states of Florida, Maryland, New Jersey and New York. We believe that this market is under served by banks and other funding institutions that find many of these companies not “bankable” because of their size, limited operating history, thin capitalization, seasonality patterns or poor/ inconsistent financial performance. Anchor’s focus is providing funding based on the quality of our clients’ customers’ ability to pay and the validity of the account receivable invoice. Anchor utilizes credit and verification processes to assist in assuring that customers are creditworthy and invoices are valid. We secure our funding by having a senior first lien on all clients’ accounts receivable and other tangible and intangible assets. We also often obtain personal and validity guarantees from our clients’ owners.

GROWTH OPPORTUNITIES AND STRATEGIES

Our strategy is to become a nationally recognized brand for accounts receivable funding and other related financial services for small businesses. This expansion is expected to be accomplished with media marketing campaigns targeting small businesses and through accretive acquisitions of competitive firms and add-on purchases which broaden our mix of services, brands, customers and geographic and economic diversity. Our focus is to increase revenues and profits, through a combination of internal growth and acquisitions, primarily within our core disciplines and expansion into new service offerings. The key elements to our acquisition growth strategy include the following:

· Acquire companies that provide factoring services to small businesses. Our primary strategy is to increase revenues and profitability by acquiring the accounts receivable portfolios and possibly the business development and management teams of other local and regional factoring firms, primarily firms in the United States with revenues of generally less than $5 million. Significant operating leverage and reduced costs are achieved by consolidating back office support functions. Increased revenues across a larger accounts receivable portfolio is anticipated to lead to lower costs of capital, which may enhance profitability. We are working with two merger and acquisition advisory firms to assist us in our acquisition strategy. We intend to evaluate acquisitions using numerous criteria including historical financial performance, management strength, service quality, diversification of customer base and operating characteristics. Our senior management team has prior experience in other service industries in identifying and evaluating attractive acquisition targets and integrating acquired businesses. As of the filing date of this Form 10-KSB/A, we have not entered into any definitive agreements to complete any mergers or acquisitions, although we are in discussions with and/or conducting due diligence on several potential candidates.

· Expand our service offerings by acquiring related specialty finance firms that serve small businesses. These specialty firms will broaden the services that weprovide so that we can fulfill additional financial service needs of existing clients and target additional small businesses in different industries. For example, manufacturers have a need for purchase order financing in addition to factoring. The following are types of specialty finance firms that we wiltarget and is not all-inclusive:

- o Purchase order financing;
- o Import/export financing;
- o Credit card financing;
- o Government contract financing;
- o Agricultural receivable financing; and
- o Construction receivable financing.

Transportation / freight invoice financing

· Expand our discount factoring business by creating a national factoring brand. Inform and educate small businesses owners that factoring can increase cash flow and outsource credit risk and accounts receivable management. Our experience has been that many small businesses have limited awareness that factoring exists and is a viable financing alternative option for them. We have recently hired a marketing manager to assist us in creating a national factoring brand identity. This is expected to be accomplished through various marketing initiatives and business alliances that will create in-bound sales leads. These marketing strategies include:

- o Media advertising in key metropolitan markets;
  - §Increase our pay-per-click internet advertising which in the past has been a successful strategy for Anchor; and
  - §Radio - test market selective radio spot advertising on talk radio and sports oriented programming whose primary demographic are small business owners.
- o Establish cross-selling alliances with other small business providers including:
  - §Small business accounting and tax preparation service firms;
  - §Small business service centers, providing packing and shipping; and
  - §Commercial insurance brokers.
- o Develop a referral network of business brokers, consultants and accountants and attorneys;
  - §Attend cash flow trade shows and advertise in cash flow trade publications.

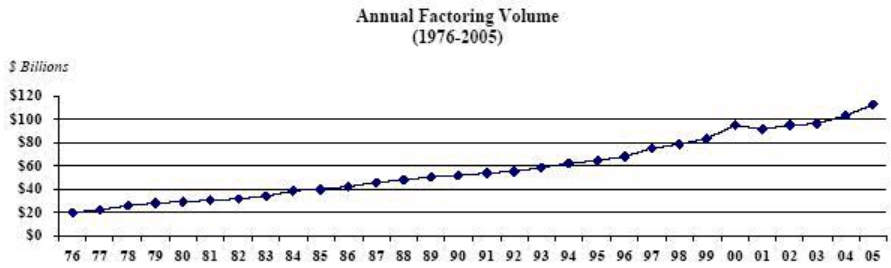
- Expand into the growing Hispanic business market. We continue to seek opportunities to expand the reach of our brands into new markets, including the Hispanic business market. We plan to create a Spanish language version of our website, advertise in Hispanic media publications and enter into alliances with Hispanic commercial banks for small business referral prospects who do not meet the banks' suitability requirements.

INDUSTRY OVERVIEW

Factoring as it functions today has been in existence for nearly 200 years. Its historical focus has been in the textile and apparel industries, which provides products to major retailers. The factoring industry has expanded beyond the textile and apparel industries into other mainstream businesses. Anchor may provide funding to businesses where the performance of a service or the delivery of a product can be verified. We have the ability to check a company's credit and evaluate its ability to pay across most industries. Hence, Anchor's target prospects are most small businesses.

According to the Commercial Finance Association (CFA), an industry trade association for asset based lending and factoring companies, factoring volume (the dollar value of invoices purchased) in 2005 in the United States achieved its highest year-to-year growth since 2000. Factoring volume grew to $112.8 billion in the U.S. representing a 9.3% increase over 2004. The CFA survey highlights that the growth is attributable to a number of factors including a greater acceptance of the factoring product. Our primary strategy is to increase revenues and profitability by acquiring the accounts receivable portfolios and possibly the business development and management teams of other local and regional factoring firms by primarily targeting for acquisition firms in the United States with revenues of generally less than $5 million. Management of our company is unable to estimate the portion of the $112.8 billion market which consists of companies in our targeted market for acquisition. Nevertheless, Management believes that our targeted market for acquisitions represents a small portion of the overall United States factoring volume.

Factoring in the U.S. also has been a growth market since 1976.



Management estimates, based on examination of Dun & Bradstreet data and a market overview provided by a merger and acquisition advisory firm, that there are approximately 2,900 accounts receivable factoring and financing firms in the United States with over 2,000 firms with revenues of less than $1 million, including our company. Management believes that the fragmentation of the market among other factors, make this industry attractive for consolidation. Driving factors for consolidation include:

- Limited growth capital for small factors. Small factoring firms may have credit availability constraints limiting the business volume which they can factor. The financial leverage that banks typically provide a finance company is a function of the capital in the business. The opportunity to combine their businesses with Anchor's capital and possible lower cost of funds, back office support and potentially a larger credit facility are incentives to sell their business, particularly where they would receive our capital stock in return as part or all of the transaction price.

- Anchor would provide an exit strategy for owners of small factoring firms who may have much of their personal wealth tied to the business and want to retire. A cash sale of a factoring firm would provide liquidity to the owner of a factoring firm and the opportunity to receive a price over the factoring firm's book value. Management believes that we can obtain adequate credit facilities to leverage our intended business plan to acquire other Small Financing Companies for cash and/or Common Stock of our Company.

OPERATIONS

Our executive officers, namely Morry F. Rubin, CEO and Brad Bernstein, President, manage our day to day operations and internal growth and oversee our acquisition strategy. We have a full-time marketing manager, an account executive and a controller that provide daily support for our clients. Our marketing plan will be implemented by our marketing manager to increase sales and to build a national brand identity. Our account executive handles in-bound sales calls and underwrites prospective funding transactions for credit committee review. Our controller maintains our books and records, wires funds daily to clients and provides backoffice oversight.

We temporarily utilize a credit manager from Preferred Labor, LLC, an affiliated company principally owned by Morry F. Rubin, George Rubin and Brad Bernstein, officers and directors of our company, to assist in managing credit and making collection calls. At times in the past, we used other accounting personnel from this affiliated company for certain back office functions, including, without limitation, credit and collection, payroll and other bookkeeping services. In the past through April 23, 2007, Preferred Labor charged a fee of .25% of the value of accounts receivable purchased for credit and collection services only and .5% for credit, collection, invoicing, payroll and other bookkeeping services. The fees charged by Preferred Labor were $28,668 and $20,352 for the years ended December 31, 2006 and 2005, respectively. Since April 23, 2007, Anchor pays a portion of Preferred Labor's shared employees salaries based upon actual time incurred. This is a temporary arrangement that is likely to cease some time in July 2007, as we expect to expand our support staff and hire a full-time credit analyst who will also be in charge of collections. Our transactions with Preferred labor have not been represented by any written agreements between the parties. See "Certain Relationships and Related Transactions."

Underwriting Process

We have developed and utilize standard underwriting procedures, which are controlled in a checklist format that is reviewed and approved by the credit committee. The credit committee is presently comprised of our executive officers, although these functions may be delegated to other responsible personnel in the future as our company expands our operations. The credit committee approves all new accounts and conducts periodic credit review of the client portfolio. Underwriting criteria include the following:

- Background and credit checks are performed on the owners.
- Personal or validity guarantees are sometimes obtained from the owners.

- We "Notify" all accounts that are purchased. Anchor is a notification factor, which means that we notify in writing all accounts purchased that we have purchased the account and payments are to be made to Anchor's central lockbox. Our client's invoices also provide Anchor's lockbox as address for payments. We also have a notification statement on our clients' invoices that indicate we have purchased the account and payment is to be made to Anchor.
- Initially we attempt to verify most of a new customer's accounts. Verification includes review of third-party documentation and telephone discussions with the client's customer so that we may substantiate that invoices are valid and without dispute.

- We typically evaluate the creditworthiness on accounts with more than a $2,500 balance.
- Other standard diligence testing includes payroll tax payment verification, company status with state of incorporation, pre and post filing lien searches and review of prior years' corporate tax returns.

- We require that our clients enter into a factoring and security agreement with Anchor and file a first senior lien on purchased accounts, and on a case-by-case basis, sometimes on all of our clients' tangible and intangible assets.

Anchor has not had incurred any credit losses since inception, although we can provide no assurances that credit losses will not be incurred in the future.

Credit Management

To efficiently and quickly determine the credit worthiness of an account, Anchor utilizes an instant credit checking system that we call Creditguard. Creditguard is an in-house evaluation tool that we have developed, but we do not claim any proprietary rights at this time. Creditguard utilizes a proven credit formula that combines various Dun & Bradstreet credit data elements. This formula and system provide an initial credit limit so that accounts can be approved or rejected quickly. If additional credit is necessary beyond the initial credit limit, we then independently check three vendor references and a bank reference to determine if additional credit can be extended. Collection calls are usually made within 14 days of purchasing an invoice to secure a commitment or estimated time to receive payment.

In conjunction with potentially providing full-non-recourse factoring, Anchor is examining the cost and benefits of obtaining credit insurance estimated to cost one-half of one percent of the invoiced amount.

CLIENTS

Our clients are all small businesses that range in size from start-up to $5 million in annual sales. We provide our services to any type of business where we can verify and substantiate an accounts receivable invoice for delivery of a product or performance of a service. Examples of current clients include a coupon magazine publisher, commercial baker, transportation company, medical staffing firm, IT consulting company and a shipper of luxury autos. Anchor targets all small businesses to educate and convert them to factoring. We believe that this small business market is under served by banks and other funding institutions that view many of these companies not “bankable” because of their size, limited operating history, thin capitalization or poor / inconsistent financial performance. Anchor’s focus is funding based on the quality of our clients’ customer’s ability to pay and the validity of the accounts receivable invoice. Anchor has credit and verification processes to assist in assuring that customers are creditworthy and invoices are valid. We secure our funding by placing a senior first lien on all clients’ accounts receivable and other tangible and intangible assets. We also often obtain personal guarantees from our clients’ owners.

In addition, there are certain specific small business sectors that Anchor believes also have limited working capital options and are targets for factoring. Examples of these include:

- Not-for-profit entities; we recently factored a foster home’s invoice to a local county.
- Companies with tax liens by providing funding based upon its eligible accounts receivable; we were successful in paying off the IRS for a client that had tax liens by funding its accounts receivable.
- Free lance consultants and independent contractors that cannot wait to receive payment from their client.

SALES AND MARKETING

We have hired a marketing manager to assist Anchor in creating a national brand identity through various marketing and business alliance strategies that will create in-bound sales leads. These marketing strategies include, without limitation, the following:

- Media advertising in key metropolitan markets;
  Increase our pay-per-click internet advertising which in the past has been a successful strategy for Anchor; and

  Radio - test market selective radio spot advertising on talk radio and sports oriented programming whose primary demographic are small business owners.
- Establish cross-selling alliances with other small business providers including:

  Small business accounting and tax preparation service firms;
  Small business service centers, providing packing and shipping; and

- Commercial insurance brokers.
- Develop a referral network of business brokers, consultants and accountants and attorneys;

  Attend cash flow trade shows and advertise in cash flow trade publications.

In key metropolitan areas, we plan on hiring business development officers to follow up on in-bound sales leads in person and develop additional business by networking with other small business providers including traditional bankers, accountants, lawyers and insurance brokers.

MANAGEMENT INFORMATION SYSTEMS

We utilize a factoring industry software program designed to effectively manage and operate a factoring company. This system currently manages multiple functions from purchasing invoices, advancing funds, recording collections and rebating clients. The system generates, on demand, numerous management reports including purchase activity, collections activity, return on capital, advances outstanding, accounts receivable trends, and credit reports which provide us with the ability to track, monitor and control the collateral (purchased accounts receivable). In addition, the software integrates with our general ledger accounting package, which enables us to meet our financial reporting requirements. Each month we upload key management reports that our clients can retrieve on-line.

Our current software platform can support our growth in the short term. Based upon anticipated growth we are in the process of upgrading our factoring software platform, which will enable additional users access to the system. There are multiple factoring software vendors who provide products which will support our growth objectives.

Hardware redundancy, backup strategies and disaster recovery have been planned to reduce the risk of downtime.

GOVERNMENT REGULATIONS

To Management’s knowledge, factoring receivables is not a regulated industry, as we do not make loans or charge clients interest. Nevertheless, if any of the factoring transactions entered into by us are deemed to be loans or financing transactions instead of a true purchase of accounts receivable, then various state laws and regulations would become applicable to us and could limit the fees and other charges we are able to charge our customers and may further subject us to any penalties under such state laws and regulations. These laws would also:

- regulate credit granting activities, including establishing licensing requirements, if any, in various jurisdictions,
- require disclosures to customers,
- govern secured transactions,
- Set collection, foreclosure, repossession and claims handling procedures and other trade practices,
- prohibit discrimination in the extension of credit, and
- regulate the use and reporting of information related to a seller's credit experience and other data collection.

This could have a material adverse effect on our business, financial condition, liquidity and results of operations. See "Risk Factors."

COMPETITION

The factoring and financial service industry is highly fragmented and competitive. Competitive factors vary depending upon financial services products offered, customer, and geographic region. Competitive forces may limit our ability to charge our customary fees and raise fees to our customers in the future. Pressure on our margins is intensive and we cannot assure you that we will be able to successfully compete with our competitors. Our competitors, of which we are currently an insignificant competitor in our industry, include national, regional and local independent and bank owned factoring and finance companies and other full service factoring and financing organizations. Many of these competitors are larger than we are and may have access to capital at a lower cost than we do. Management estimates, based on examination of Dun & Bradstreet data and a market overview provided by a merger and acquisition advisory firm, that there are approximately 2,900 accounts receivable factoring and/or business financing firms in the United States, including us, with over 2,000 with revenues of less than $1 million. To our knowledge, no single firm dominates the small business segment of the industry.

EMPLOYEES

As of June 29, 2007, we have five full-time employees and one part-time employee.

History of former BTHC XI, LLC

Anchor Funding Services, Inc., formerly known as BTHC XI, Inc., was organized on August 16, 2006 as a Delaware corporation to effect the reincorporation of BTHC XI, LLC, a Texas limited liability company, mandated by the plan of reorganization discussed below.

In September 1999, Ballantrae Healthcare LLC and its affiliated limited liability companies including BTHC XI, LLC, or collectively Ballantrae, were organized for the purpose of operating nursing homes throughout the United States. Ballantrae did not own the nursing facilities. Instead, they operated the facilities pursuant to management agreements and/or real property leases with the owners of these facilities. Although Ballantrae continued to increase the number of nursing homes it operated and in June 2000 had received a substantial equity investment, it was unable to achieve profitability. During 2001 and 2002, Ballantrae continued to experience severe liquidity problems and did not generate enough revenues to cover its overhead costs. Despite obtaining additional capital and divesting unprofitable nursing homes, by March, 2003, Ballantrae was out of cash and unable to meet its payroll obligations.

On March 28, 2003, Ballantrae filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code. On November 29, 2004, the bankruptcy court approved the First Amended Joint Plan of Reorganization, as presented by Ballantrae, its affiliates and their creditors (the "Plan"). On August 16, 2006, pursuant to the Plan, BTHC XI, LLC was merged into BTHC XI, Inc., a Delaware corporation, which later changed its name to Anchor Funding Services, Inc., effective on April 4, 2007.

On January 31, 2007, we entered into a Securities Exchange Agreement and acquired 100% of the membership (ownership) interests of Anchor Funding Services LLC in exchange for 8,000,000 shares of our Common Stock (the "Anchor Transaction"). The Securities Exchange Agreement was entered into by and among Anchor Funding Services, LLC, its members, Anchor funding Services, Inc. (formerly BTHX XI, Inc.) and certain stockholders (the "Company Stockholders"). The Anchor Transaction was subject to our receipt in escrow of a private placement of our Series 1 Preferred Stock of at least $2,500,000 which was successfully completed immediately after the Exchange on January 31, 2007. The private placement offering was terminated on April 5, 2007 after the raise of $6,712,500 in gross proceeds from the sale of 1,342,500 shares of Series 1 Preferred Stock.

The Anchor Transaction

As a result of the Anchor Transaction, Anchor became a wholly-owned subsidiary of former BTHC XI. Prior to the completion of the Anchor Transaction, former BTHC XI had no operations and had no material assets or liabilities.

The Anchor Transaction was closed on January 31, 2007. The closing of the Anchor Transaction was conditioned on, among other things: (a) the approval of Anchor's members, (b) the various representations and warranties of the parties being true and correct as provided in the Securities Exchange Agreement, (c) the parties performing their various covenants and agreements as provided in the Securities Exchange Agreement, (d) the parties delivering certain agreements, certificates and other instruments, (e) the Escrow Agent's receipt of at least $2,500,000 in cleared funds available for the initial closing of the Offering immediately upon the effectiveness of the Securities Exchange, and (f) the entry into 18 month lock-up agreements by members of Anchor.

The Securities Exchange Agreement contains various representations and warranties and covenants of the Company and the Company Stockholders. Generally, the representations and warranties of the Company and the Company Stockholders survive until the first anniversary of the closing date. The Securities Exchange Agreement provides for indemnification by Company Stockholders for breaches or failure to perform covenants of the Company or the Company Stockholders contained in the Securities Exchange Agreement and for any claims by brokers or finders for fees or commissions alleged to be due in connection with the Anchor Transaction. Additionally, certain Company Stockholders agreed to indemnify Anchor for any damages arising from or in connection with the operation or ownership of the Company from and including November 29, 2004, the date the Plan was confirmed by the bankruptcy court through and including December 7, 2006. Certain other Company Stockholders agreed to indemnify Anchor for any damages arising from any breach of any representation or warranty of the Company, or the Company Stockholders contained in the Securities Exchange Agreement resulting from the operation or ownership of the Company from and including their acquisition date of control of the Company (i.e. December 7, 2006) through and including the January 31, 2007 closing date of the Securities Exchange.

Annual Reports to Security Holders

We intend to make available to each of our shareholders, copies of our annual report on Form 10-KSB, which will include audited financial statements.

Where You Can Find Additional Information

We are filing this Form 10-SB pursuant to Regulation S-B for the purpose of becoming a "fully reporting issuer" under Section 12(g) of the Securities Exchange Act of 1934, as amended. This Form 10-SB automatically became effective on June 29, 2007. Accordingly, we are required to file annual, quarterly, and current reports, proxy statements and other information with the Securities and Exchange Commission.

The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E. (Washington, D.C. 20549). The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov.

Risk Factors

In addition to the other information included in this Registration Statement, the following factors should be carefully considered in evaluating our business, financial position and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial position or future prospects. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we have projected. There may be additional risks that we do not presently know or that we currently believe are immaterial which could also materially adversely affect our business, financial position or future prospects.

Limited operating history. Anchor Funding Services, LLC was formed in 2003 and has only a limited operating history upon which investors may judge our performance. Future operating results will depend upon many factors, including, without limitation our ability to keep credit losses to a minimum, fluctuations in the economy, the degree and nature of competition, demand for our services, and our ability to integrate the operations of acquired businesses, to expand into new markets and to maintain margins in the face of pricing pressures. We can provide no assurances that our operations will be profitable.

Our past operating losses may occur in the future. Anchor Funding Services, LLC was formed in 2003 and historically operated at a loss until 2006 which was our first year of profitable operations. We can provide no assurances that our operations and consolidations with any companies that we acquire will result in us meeting our anticipated level of projected profitable operations, if at all.

Competition for customers in our industry is intense, and if we are not able to effectively compete, our financial results could be harmed and the price of our Shares could decline. The factoring and financial service industry is highly competitive. There are many large full-service and specialized financing companies, as well as local and regional companies, which compete with us in the factoring industry. Competition in our markets is intense. These competitive forces limit our ability to raise fees to our customers. Pressure on our margins is intense, and we cannot assure you that we will be able to successfully compete with our competitors, many of whom have substantially greater resources than we do. If we are not able to effectively compete in our targeted markets, our operating margins and other financial results will be harmed and the market price of our securities could decline.

If we are not able to obtain expanded lines of credit on commercially reasonable terms, our financial condition or results of operations could suffer. We have the availability of a $1 million line of credit through September 5, 2007 with an institutional asset based lender which advances funds against "eligible accounts receivable" as defined in Anchor's agreement with its institutional lender. This facility, which is secured by our assets, contains certain covenants related to tangible net worth and change in control. In the event that we do not comply with the covenant(s) and the lender does not waive such non-compliance, we will be in default of our credit agreement, which could subject us to penalty rates of interest and accelerate the maturity of the outstanding balances. On June 28, 2007, we notified our lender to terminate the facility agreement immediately, but the agreement does not expire by its terms until September 5, 2007 and as of the date hereof, the lender has not accepted immediate termination so the facility will continue until the contract expiration date. Prior to us completing any significant acquisitions, of which no assurances can be given, we intend to seek to obtain a new credit facility and attempt to obtain better lending terms. In the event we are not able to obtain adequate credit facilities for our factoring and acquisition needs on commercially reasonable terms, our ability to operate our business and complete one or more acquisitions would be significantly impacted and our financial condition and results of operations could suffer.

We may acquire companies in the future and these acquisitions could disrupt our business or adversely affect our earnings. Further, we may complete acquisitions without first obtaining stockholder approval under applicable Delaware Law. We intend to acquire small and/or medium local and/or regional factoring and financial service businesses. Our ability to complete acquisitions in the future may be impacted by many factors, including, without limitation, companies available for acquisition and the ability to achieve favorable terms. Entering into an acquisition entails many risks, any of which could harm our business, including, without limitation, failure to successfully integrate the acquired company with our existing business, retention of key employees, alienation or impairment of relationships with substantial customers or key employees of the acquired business or our existing business, and assumption of liabilities of the acquired business. Any acquisition that we consummate also may have an adverse affect on our liquidity or earnings and may be dilutive to our earnings. Adverse business conditions or developments suffered by or associated with any business we acquire additionally could result in impairment to the goodwill or intangible assets associated with the acquired businesses, and a related write down of the value of these assets, and adversely affect our earnings. Further, we may complete acquisitions without first obtaining stockholder approval under applicable Delaware Law.

Risks Associated with our Growth Strategy. Our plans for growth, both internal and through acquisition of other factoring and financial service companies, are subject to numerous and substantial risks. We can provide no assurances that we will be able to expand our market presence in our current locations, successfully enter new markets, add new services and/or integrate acquired businesses into our operations. Our continued growth is dependent upon a number of factors, including the availability of working capital to support such growth, our response to existing and emerging competition, our ability to maintain sufficient profit margins while experiencing pricing pressures, our efforts to develop and maintain customer and employee relationships, and the hiring, training and retention of qualified personnel. We can provide no assurances that we will be able to identify acceptable acquisition candidates on terms favorable to us in a timely manner, if at all. A substantial portion of our capital resources is anticipated to be used primarily for these acquisitions. We expect to require additional debt or equity financing for future acquisitions, which additional financing may not be available on terms favorable to the Company, if at all. We can provide no assurances that any acquired business will be profitable.

We will seek to make acquisitions that may prove unsuccessful or strain or divert our resources. We intend seek to expand our business through the acquisition of competitors' factoring and service businesses and assets. We may not be able to complete any acquisitions on favorable terms, if at all. Acquisitions present risks that could materially and adversely affect our business and financial performance, including:

- the diversion of our management's attention from our everyday business activities;
- the contingent and latent risks associated with the past operations of, and other unanticipated problems arising in, the acquired business; and

- the need to expand management, administration, and operational systems.

If we make, or plan to make, such acquisitions we cannot predict whether:

- we will be able to successfully integrate the operations and personnel of any new businesses into our business;
- we will realize any anticipated benefits of completed acquisitions;

- there will be substantial unanticipated costs associated with acquisitions, including potential costs associated with liabilities undiscovered at the time of acquisition; or
- stockholder approval of an acquisition will be sought.

In addition, future acquisitions by us may result in:

- potentially dilutive issuances of our equity shares;
- the incurrence of additional debt;

- restructuring charges; and
- the recognition of significant charges for depreciation and amortization related to intangible assets.

Risks Related to Our Factoring Activities. In our history, we have not experienced any material credit losses. If we were to experience material losses on our accounts receivable portfolio, they would have a material adverse effect on (i) our ability to fund our business and, (ii) to the extent the losses exceed our provision for credit losses, our revenues, net income and assets.

We purchase accounts receivable primarily from privately owned small companies, which present a greater risk of loss than purchasing accounts receivable from larger companies. Our portfolio consists primarily of accounts receivable purchased from small, privately owned businesses with annual revenues ranging from start-up to $5 million. Compared to larger, publicly owned firms, these companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position and may need more capital to expand or compete. These financial challenges may make it difficult for our clients to continue as a going concern. Accordingly, advances made to these types of clients entail higher risks than advances made to companies who are able to access traditional credit sources. In part because of their smaller size, our clients may:

- experience significant variations in operating results;

- have narrower product lines and market shares than their larger competitors;

- be particularly vulnerable to changes in customer preferences and market conditions;

- be more dependent than larger companies on one or more major customers, the loss of which could materially impair their business, financial condition and prospects;

- face intense competition, including from companies with greater financial, technical, managerial and marketing resources;

- depend on the management talents and efforts of a single individual or a small group of persons for their success, the death, disability or resignation of whom could materially harm the client's financial condition or prospects;

- have less skilled or experienced management personnel than larger companies; or

- do business in regulated industries, such as the healthcare industry, and could be adversely affected by policy or regulatory changes.

Accordingly, any of these factors could impair a client's cash flow or result in other events, such as bankruptcy, which could limit our ability to collect on this client's purchased accounts receivable, and may lead to losses in our portfolio and a decrease in our revenues, net income and assets.

We may be adversely affected by deteriorating economic or business conditions. Our business, financial condition and results of operations may be adversely affected by various economic factors, including the level of economic activity in the markets in which we operate. Delinquencies and credit losses generally increase during economic slowdowns or recessions. Because we fund primarily small businesses, many of our clients may be particularly susceptible to economic slowdowns or recessions and could impair a client's cash flow or result in other events, such as bankruptcy, which could limit our ability to collect on this client's purchased accounts receivable, and may lead to losses in our portfolio and a decrease in our revenues, net income and assets. Unfavorable economic conditions may also make it more difficult for us to maintain both our new business origination volume and the credit quality of new business at levels previously attained. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could significantly harm our operating results.

Our limited operating history makes it difficult for us to accurately judge the credit performance of our portfolio and, as a result, increases the risk that our allowance for credit losses may prove inadequate. Our business depends on the creditworthiness of our clients' customers and our clients. While we conduct due diligence and a review of the creditworthiness of most of our clients' customers and all of our clients, this review requires the application of significant judgment by our management. Our judgment may not be correct. We maintain an allowance for credit losses on our financial statements in an amount that reflects our judgment concerning the potential for losses inherent in our portfolio. Management periodically reviews the appropriateness of our allowance considering economic conditions and trends, collateral values and credit quality indicators. We cannot assure you that our estimates and judgment with respect to the appropriateness of our allowance for credit losses are accurate. Our allowance may not be adequate to cover credit losses in our portfolio as a result of unanticipated adverse changes in the economy or events adversely affecting specific clients, industries or markets. If our allowance for credit losses is not adequate, our net income will suffer, and our financial performance and condition could be significantly impaired.

We may not have all of the material information relating to a potential client at the time that we make a credit decision with respect to that potential client or at the time we advance funds to the client. As a result, we may suffer credit losses or make advances that we would not have made if we had all of the material information. There is generally no publicly available information about the privately owned companies to which we generally purchase accounts receivable from. Therefore, we must rely on our clients and the due diligence efforts of our employees to obtain the information that we consider when making our credit decisions. To some extent, our employees depend and rely upon the management of these companies to provide full and accurate disclosure of material information concerning their business, financial condition and prospects. If we do not have access to all of the material information about a particular client's business, financial condition and prospects, or if a client's accounting records are poorly maintained or organized, we may not make a fully informed credit decision which may lead, ultimately, to a failure or inability to collect our purchased accounts receivable in their entirety.

We may make errors in evaluating accurate information reported by our clients and, as a result, we may suffer credit losses. We underwrite our clients and clients' customers based on certain financial information. Even if clients provide us with full and accurate disclosure of all material information concerning their businesses, we may misinterpret or incorrectly analyze this information. Mistakes by our staff and credit committee may cause us to make advances and purchase accounts receivable that we otherwise would not have purchased, to fund advances that we otherwise would not have funded or result in credit losses.

A client's fraud could cause us to suffer material losses. A client could defraud us by, among other things:

- directing the proceeds of collections of its accounts receivable to bank accounts other than our established lockboxes;
- failing to accurately record accounts receivable aging;
- overstating or falsifying records showing accounts receivable or inventory; or
- providing inaccurate reporting of other financial information.

As of July 1, 2007, our six largest clients collectively accounted for approximately 90.0% of the aggregate outstanding balance of our accounts receivable portfolio and our largest client accounted for approximately 29.9% of the total outstanding funds advanced to clients. A client's fraud could cause us to suffer material losses.

We may be unable to recognize or act upon an operational or financial problem with a client in a timely fashion so as to prevent a credit loss of purchased accounts receivable from that client. Our clients may experience operational or financial problems that, if not timely addressed by us, could result in a substantial impairment or loss of the value of our purchased accounts receivable from the client. We may fail to identify problems because our client did not report them in a timely manner or, even if the client did report the problem, we may fail to address it quickly enough or at all. As a result, we could suffer credit losses, which could have a material adverse effect on our revenues, net income and results of operations.

The security interest that we have in the purchased accounts receivable may not be sufficient to protect us from a partial or complete loss if we are required to foreclose. While we are secured by a lien on specified collateral of the client, there is no assurance that the collateral will protect us from suffering a partial or complete loss if we move to foreclose on the collateral. The collateral is primarily the purchased accounts receivable. Factors that could reduce the value of accounts receivable that we have a security interest in include among other things:

- problems with the client's underlying product or services which result in greater than anticipated returns or disputed accounts;
- unrecorded liabilities such as rebates, warranties or offsets;

- the disruption or bankruptcy of key customers who are responsible for material amounts of the accounts receivable; and
- the client misrepresents, or does not keep adequate records of, important information concerning the accounts receivable.

Any one or more of the preceding factors could materially impair our ability to collect all of the accounts receivable we may purchase from a client.

Errors by or dishonesty of our employees could result in credit losses. We rely heavily on the performance and integrity of our employees in making our initial credit decision with respect to our clients and on-going credit decisions on our clients' customers. Because there is generally little or no publicly available information about our clients or clients' customers, we cannot independently confirm or verify the information our employees provide us for use in making our credit and funding decisions. Errors by our employees in assembling, analyzing or recording information concerning our clients and clients' customers could cause us to engage clients and purchase accounts receivable that we would not otherwise fund or purchase. This could result in losses. Losses could also arise if any of our employees were dishonest. A dishonest employee could collude with our clients to misrepresent the creditworthiness of a prospective client or client customers or to provide inaccurate reports or invoices. If, based on an employee's dishonesty, we may have funded a client and purchased accounts that were not creditworthy, which could result in our suffering suffer credit losses.

We may incur lender liability as a result of our funding activities. In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. We may be subject to allegations of lender liability if it were determined that our advances were in fact loans and the relationship between Anchor and a client was that of lender and borrower rather than purchaser and seller. We cannot assure you that these claims will not arise or that we will not be subject to significant liability if a claim of this type did arise.

We may incur liability under state usury laws or other state laws and regulations if any of our factoring arrangements are deemed to be loans or financing transactions instead of a true purchase of accounts receivable. Various state laws and regulations limit the interest rates, fees and other charges lenders are allowed to charge their borrowers. If any of the factoring transactions entered into by us are deemed to be loans or financing transactions instead of a true purchase of accounts receivable, such laws and regulations may become applicable to us and could limit the interest rates, fees and other charges we are able to charge our customers and may further subject us to any penalties under such state laws and regulations. This could have a material adverse effect on our business, financial condition, liquidity and results of operations.

We are in a highly competitive business and may not be able to take advantage of attractive funding opportunities. The factoring industry is highly competitive. We have competitors who offer the same types of services to small privately owned businesses that are our target clients. Our competitors include a variety of:

- specialty and commercial finance companies; and
- national and regional banks that have factoring divisions or subsidiaries.

Some of our competitors have greater financial, technical, marketing and other resources than we do. They also have greater access to capital than we do and at a lower cost than is available to us. Furthermore, we would expect to face increased price competition if other factors seek to expand within or enter our target markets. Increased competition could cause us to reduce our pricing and advance greater amounts as a percentage of a client's eligible accounts receivable. Even with these changes, in an increasingly competitive market, we may not be able to attract and retain new clients. If we cannot engage new clients, our net income could suffer, and our financial performance and condition could be significantly impaired.

Our information and computer processing systems are critical to the operations of our business and any failure could cause significant problems. Our information technology systems, located at our Charlotte, North Carolina headquarters, are essential for data exchange and operational communications to service our clients. Any interruption, impairment or loss of data integrity or malfunction of these systems could severely hamper our business and could require that we commit significant additional capital and management resources to rectify the problem.

The loss of any of our key personnel could harm our business. Our future financial performance will depend to a significant extent on our ability to motivate and retain key management personnel. Competition for qualified management personnel is intense and in the event we experience turnover in our senior management positions, we cannot assure you that we will be able to recruit suitable replacements. We must also successfully integrate all new management and other key positions within our organization to achieve our operating objectives. Even if we are successful, turnover in key management positions may temporarily harm our financial performance and results of operations until new management becomes familiar with our business. At present, we do not maintain key-man life insurance on any of our executive officers, although we entered into three-year employment contracts with each of Morry F. Rubin, Chief Executive Officer, and Brad Bernstein, President, on January 31, 2007. Our Compensation Committee of the Board of Directors will be responsible for approval of all future employment contracts with our executive officers. We can provide no assurances that said future employment contracts and/or their current compensation is or will be on commercially reasonable terms to us in order to retain our key personnel. The loss of any of our key personnel could harm our business.

Risks associated with intangible assets. A substantial portion of our future assets may consist of intangible assets including goodwill (excess of cost over fair value of net assets acquired and other intangible assets) relating to the potential acquisition of businesses. In the event of any sale or liquidation of us, there can be no assurance that the value of such intangible assets will be realized. In addition, any significant decrease in the value of such intangible assets could have a material adverse effect on us.

We are continually subject to the risk of new regulation, which could harm our business and/or operating results. In recent years, a number of bills have been introduced in Congress and/or various state legislatures that would add new regulations governing the financial services industry. The enactment of any such new laws or regulations may negatively impact our business, financial condition and/or our financial results.

Control of the Company. Our executive officers and directors beneficially own approximately 80% of our outstanding Common Stock and approximately 51% of the voting control of our capital stock. As a result, such persons, in the event that they act in concert, will have the ability to affect the election of all of our directors and the outcome of all issues submitted to our stockholders. Such concentration of ownership could limit the price that certain investors might be willing to pay in the future for shares of Common Stock, and could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us. See "Securities Ownership of Principal Stockholders and Management."

Risks associated with the development of the Company's management information and internal control systems. Our data processing, accounting and analysis capabilities are important components of our business. As we make acquisitions, we will convert certain systems of the acquired companies to our systems. These conversions and the continued development and installation of such systems involve the risk of unanticipated complications and expenses. We can provide no assurances that we will be successful in this regard.

We have no public market for our Securities. Our outstanding Common Stock and Series 1 Convertible Preferred Stock (collectively the "Securities") are not currently traded in the Over-the-Counter Market and quoted on the OTC Bulletin Board. In the event that trading does commence in the future for our Common Stock, it may be very limited and sporadic. We also may have a limited public float which could result in a high degree of volatility in the market price of our Common Stock. The availability for sale of restricted securities pursuant to Rule 144 or otherwise could adversely affect the market for our Common Stock, if any. We can provide no assurances that an established public market will ever develop or be sustained for our Common Stock in the future. Further, we do not anticipate a public market will ever develop for our Series 1 Convertible Preferred Stock.

The price of our common stock may fluctuate significantly. The market price for our common stock, if any, can fluctuate as a result of a variety of factors, including the factors listed above, many of which are beyond our control. These factors include: actual or anticipated variations in quarterly operating results; announcements of new services by our competitors or us; announcements relating to strategic relationships or acquisitions; changes in financial estimates or other statements by securities analysts; and other changes in general economic conditions. Because of this, we may fail to meet or exceed the expectations of our shareholders or others, and the market price for our common stock could fluctuate as a result.

Our Common Stock is considered to be a "penny stock" and, as such, the market for our Common Stock should one develop may be further limited by certain Commission rules applicable to penny stocks. To the extent the price of our Common Stock remains below $5.00 per share or we have a net tangible assets of $2,000,000 or less, our common shares will be subject to certain "penny stock" rules promulgated by the Commission. Those rules impose certain sales practice requirements on brokers who sell penny stock to persons other than established customers and accredited investors (generally institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000). For transactions covered by the penny stock rules, the broker must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to the sale. Furthermore, the penny stock rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices and disclosure of the compensation to the brokerage firm and disclosure of the sales person working for the brokerage firm. These rules and regulations adversely affect the ability of brokers to sell our common shares in the public market should one develop and they limit the liquidity of our Shares.

An investment in the Company is subject to dilution. We may require substantial additional financing in order to achieve our business objectives. The Company may generate such financing through the sale of securities (including potentially to the owners of businesses we acquire) that would dilute the ownership of its existing security holders. In subsequent rounds of financing, the Company will likely issue securities that will have rights, preferences or privileges senior to our outstanding securities and that will include financial and other covenants that will restrict the Company's flexibility.

We have never declared or paid cash dividends on our capital stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We have never declared or paid cash dividends on our common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to fund the development and growth of our business. Except for the rights of holders of the shares of Series 1 Convertible Preferred Stock as described herein, any future determination to pay dividends will be dependent upon the our financial condition, operating results, capital requirements, applicable contractual restrictions and other such factors as our board of directors may deem relevant.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INHERENT IN AN INVESTMENT IN THE COMPANY.

Item 2. Management's Discussion and Analysis or Plan of Operation.

You should read the following discussion and analysis of our financial condition and plan of operation together with our consolidated financial statements and the related notes appearing at the end of this Registration Statement. Some of the information contained in this discussion and analysis or set forth elsewhere in this Registration Statement, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this Registration Statement for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

This Form 10-SB contains forward-looking statements. These statements relate to our expectations for future events and future financial performance. Generally, the words "anticipate," "expect," "intend" and similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements. These statements are only predictions. Actual events or results may differ materially. Factors which could affect our financial results are described in the "Risk Factors" included herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no duty to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in our expectations.

Executive Overview

Anchor Funding Services, LLC was founded in January 2003. Anchor's business has grown with limited marketing and financing. Our objective is to create a well-recognized, national financial services firm for small businesses providing accounts receivable funding (factoring), outsourcing of accounts receivable management including collections and the risk of customer default and other specialty finance products including, without limitation, purchase order financing, trade finance, government contract funding and lawsuit financing. For certain service businesses, Anchor also provides back office support including payroll, payroll tax compliance and invoice processing services. We provide our services to clients nationwide. We plan to achieve our growth objectives through a combination of strategic and add-on acquisitions of other factoring and specialty finance firms that serve small businesses in the United States and Canada and internal growth through mass media marketing initiatives. Our corporate headquarters and back office operations are located in Charlotte, North Carolina.

Summary of Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to credit provisions, intangible assets, contingencies and litigation and income taxes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, reflect the more significant judgments and estimates used in the preparation of our financial statements.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenue is recognized when the fee is earned and consists primarily of transaction and time-based fees. Non-refundable transaction fees are charged when the Company purchases an accounts receivable. Time-based fees are charged until the Company collects the purchased accounts receivable. The amount charged as transaction and time-based fees is specified in each customer's factoring and security agreement and these amounts can vary between customers.

The term of the factoring and security agreement is typically one year, unless terminated in writing by the customer sixty days prior to the agreement's anniversary date. The Company records the non-refundable transaction fee as revenue at the time of purchase, which is when the fee is contractually earned

Retained Interest in Purchased Accounts Receivable - Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account. The Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable. Management did not consider any of the March 31, 2007 and December 31, 2006 and 2005 retained interest in purchased accounts receivable uncollectible based on their analysis of the portfolio.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because the majority of these invoices have been subsequently collected.

Property and Equipment - Property and equipment, consisting primarily of computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method. Estimated useful lives range from 2 to 5 years.

Advertising Costs - The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $31,700 and $15,700 for the quarters ending March 31, 2007 and 2006, respectively, and $68,200, $68,400 for fiscal 2006 and 2005, respectively.

Earnings per Share - The Company computes net income per share in accordance with SFAS No. 128 "Earnings Per Share." Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Dilutive net income per share includes the potential impact of dilutive securities, such as convertible preferred stock, stock options and stock warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price.

Stock Based Compensation until December 31, 2005 - In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 123(R), "Accounting for Stock-Based Compensation." SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this statement were effective for the first interim reporting period that began after December 15, 2005. The Company adopted the provisions of SFAS No.123(R) in the first quarter of fiscal 2006.

See Note 9 for the SFAS No. 123(R) impact on the operating results for the quarter ended March 31, 2007. The adoption of SFAS No. 123(R) had no impact on the Company's operating results for the three months ended March 31, 2006.

Fair Value of Financial Instruments - The carrying value of cash equivalents, retained interest in purchased accounts receivable, due from/to financial institution, accounts payable and accrued liabilities approximates their fair value.

Cash and cash equivalents - Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Income Taxes - Effective January 31, 2007, the Company became a "C" corporation for income tax purposes. In a "C" corporation income taxes are provided for the tax effects of transactions reported in the financial statements plus deferred income taxes related to the differences between financial statement and taxable income.
The primary difference between financial statement and taxable income for the Company is net operating loss carryforwards. The deferred tax asset represents the future tax return consequences of utilizing this net operating loss. Deferred tax assets are reduced by a valuation reserve, when management is uncertain if the net operating loss carryforwards will ever be utilized.

Prior to January 31, 2007, Anchor Funding Services, LLC was treated as a partnership for Federal and state income tax purposes. Its earnings and losses were included in the personal tax returns of its members; therefore, no provision or benefit from income taxes has been included in those financial statements.

Recent Accounting Pronouncements - In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "*Fair Value Measurements*." SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition.

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 108 ("SAB 108"), *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. SAB 108 provides additional guidance for the quantitative assessment of the materiality of uncorrected misstatements in current and prior years. The assessment for materiality should be based on the amount of the error relative to both the current year income statement and balance sheet. For misstatements originating in prior years that are deemed material to the current year financial statements, SAB 108 permits recording the effect of adopting this guidance as a cumulative effect adjustment to retained earnings. During the fourth quarter of 2006, the Company adopted SAB 108 and it did not have a significant impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115.* SFAS 159 provides companies with an option to report selected financial assets and liabilities at estimated fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment to SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new election date occurs, and must be applied to the entire instrument and not to only a portion of the instrument.

SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of the fiscal year, has not yet issued financial statements for any interim period of such year, and also elects to apply the provisions of SFAS No. 157. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition.

Results of Operations

Three Months Ended March 31, 2007 Compared to March 31, 2006

The three months ended March 31, 2007 reflect a 69.3% decrease in finance revenue to $73,977 compared to finance revenue of $240,877 for the three months ended March 31, 2006. This decrease in revenue along with a $210,103 increase in operating expenses resulted in a net operating loss for the three months ended March 31, 2007 of $156,036 compared to net income of $98,745 for the three months ended March 31, 2006. The change in revenue was primarily due to a client that provided Anchor with approximately $160,000 in finance revenues during the three months ended March 31, 2006 and no revenues in 2007. For the three months ended March 31, 2007 the company had net interest income of $24,775 compared to net interest expense of $82,447. Beginning in February 2007, the Company began using the proceeds from the sale of Series 1 Preferred Stock to fund its clients instead of borrowing from its lender. This combined with the interest earned on the excess cash on hand, resulted in net interest income for the three months ended March 31, 2007. Operating expenses increased $210,103 for the three months ended March 31, 2007 compared to the three months ended March 31, 2006. This increase is primarily attributable to the Company's incurring additional costs for increased payroll, marketing, professional, rent, insurance and other operating expenses to grow anchor's core business, build an infrastructure to support anticipated growth and operate as a publicly reporting company. In addition, the Company began leasing its own offices in Charlotte on June 1, 2007 and is opening an Executive and Sales office in Boca Raton, Florida in August, 2007. Management expects that it's operating expenses will continue to increase to a minimum of $1 million annualized (or $250,000 per quarter) of additional expense when compared to the operating expenses for the year ended December 31, 2006.

The following table compares the operating results for the three months ended March 31, 2007 and March 31, 2006:

	Three Months Ended March 31,			
	2007	2006	$ Change	% Change
Finance revenues	$ 73,977	$ 240,877	$ (166,900)	(69.3)
Interest income (expense), net	24,775	(82,447)	107,222	-
Net finance revenues	98,752	158,430	(59,678)	(37.7)
Provision for credit losses	-	-		
Finance revenues, net of interest expense and credit losses	98,752	158,430	(59,678)	(37.7)
Operating expenses	269,788	59,685	210,103	352.0
Net income (loss) before income taxes	(171,036)	98,745	(269,781)	
Income tax (provision) benefit:	15,000			
Net income (loss)	$ (156,036)	$ 98,745	$ (254,781)	

Finance revenue. The decrease in finance revenue was primarily due to a client that provided Anchor with approximately $160,000 in finance revenues during the three months ended March 31, 2006 and no revenues in 2007. Anchor had 12 clients as of March 31, 2007 compared to 13 clients as of March 31, 2006

Interest income (expense). Anchor had net interest income of $24,775 for the three months ended March 31, 2007 compared to net interest expense of $82,447 for the three months ended March 31, 2006. Beginning in February 2007, the company began using the proceeds from the sale of Series 1 Preferred Stock to fund its clients instead of borrowing from its lender. This combined with the interest earned on the excess cash on hand, resulted in net interest income for the three months ended March 31, 2007.

Provision for credit losses. Anchor has reviewed its portfolio of accounts receivable purchased and determined that it had no credit losses for the three months ended March 31, 2007 and 2006.

Operating expenses. Operating expenses are primarily selling, general and administrative ("SG&A") expenses. Operating expenses for the three months ended March 31, 2007 increased by $210,103 compared to the three months ended March 31, 2006. This increase is primarily attributable to the company's incurring additional costs for increased payroll, marketing, professional and other operating expenses to grow anchor's core business and build an infrastructure to support anticipated growth.

Key changes in certain selling, general and administrative expenses:

	Three Months Ended March 31,			
	2007	2006	$ Change	Explanation
Professional fees	$ 64,324	$ 7,558	$ 56,766	Increased cost for 2006 and 2005 audits. Additional legal fees for corporate matters.
Compensation expense related to stock options	45,984		45,984	Compensation expense related to stock options
Payroll, payroll taxes and benefits	68,518	22,781	45,737	Increased payroll and health benefits for President and increased health benefits for CEO and a Director
Advertising	31,685	15,712	15,973	Increased marketing
Consulting expense	15,000		15,000	Monthly advisory fee to investment banking firm for acquiring other companies
Insurance	13,377		13,377	Premiums for insurance policies including Directors and Officers and fidelity policies
	$ 240,895	$ 48,057	$ 192,837	

Management did not receive any cash compensation for the three months ended March 31, 2006.

Client Accounts

As of July 1, 2007, our six largest clients collectively accounted for approximately 90.0% of the aggregate outstanding balance of our accounts receivable portfolio and our largest client accounted for approximately 29.9% of the total outstanding funds advancaed to clients. A client's fraud could cause us to suffer material losses.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

The year ended December 31, 2006 was highlighted by a 124.1% increase in finance revenue to $569,285 compared to finance revenue of $253,999 for the year ended December 31, 2005. This revenue growth resulted in increased net income for the year ended December 31, 2006 of $152,354 compared to a net loss of $17,497 for the year ended December 31, 2005. The change in revenue was primarily due to an increase in the number of Anchor's clients and the addition of a client that provided Anchor with approximately $228,000 in finance revenues during the year ended December 31, 2006. Finance revenues net of interest expense and credit provisions as a percentage of gross finance revenues improved to 66.0% for the year ended December 31, 2006 from 62.1% for the year ended December 31, 2005. This increase is primarily the result of Anchor receiving a higher return for the period on its purchases of accounts receivable. Operating expenses as a percentage of gross finance revenue were 39.2% for the year ended December 31, 2006 compared to 69.0% for the year ended December 31, 2005. This decrease was primarily attributable to the 124.1% increase in revenues while operating expenses increased by 27.4%.

The following table compares the operating results for the year ended December 31, 2006 and December 31, 2005:

	Year Ended December 31,			
	2006	2005	$ Change	% Change
Finance revenue	$ 569,285	$ 253,999	$ 315,286	124.1%
Interest expense	(193,595)	(96,193)	(97,402)	101.3%
Net finance revenue	375,690	157,806	217,884	138.1%
Provision for credit losses	-	-	-	
Finance revenue net of interest expense and credit provision	375,690	157,806	217,884	138.1%
Operating expenses	223,336	175,303	48,033	27.4%
Net income (loss)	$ 152,354	$ (17,497)	$ 169,851	-

Finance revenue. The increase in finance revenue is primarily due to an increase in the number of Anchor's clients and the engagement of a client that provided Anchor with approximately $228,000 of finance revenues during the year ended December 31, 2006. This client has been inactive and has not presented invoices for factoring since March 21, 2006. In 2005, Anchor increased its Internet marketing on various search engines resulting in an increase in clients. This growth through Internet marketing continued into 2006.

Interest expense. Interest expense increased 101.3% due to the increase in borrowings to purchase accounts receivable from more clients. While Anchor's cost of funds increased with increases in the Prime rate, interest expense as a percentage of finance revenues decreased from 37.9% to 34.0%. This decrease may be attributable to Anchor earning a higher return on its purchases of accounts receivable and from minimizing its borrowings on its line of credit.

Effective November 30, 2006, $456,000 of loans payable to two of the Company's members were contributed to members' equity. These loans bore interest at 15% per annum. This conversion of debt to equity will result in savings in interest expense of approximately $68,000 per annum.

Provision for credit losses. Anchor has reviewed its portfolio of accounts receivable purchased and determined that it had no credit losses for the years ended December 31, 2006 and 2005.

Operating expenses. Operating expenses are primarily selling, general and administrative ("SG&A") expenses. Operating expenses as a percentage of gross finance revenue were 39.2% for the year ended December 31, 2006 compared to 69.0% for the year ended December 31, 2005. This decrease was primarily attributable to the 124.1% increase in revenues while operating expenses increased by 27.4%. Anchor was able to support the increases in finance revenues without significant increases in its operating expenses. However, Management did not receive any cash compensation for the years ended December 31, 2006 and December 31, 2005. See "Executive Compensation" for a discussion of executive compensation paid to our executive officers who became full-time employees of our Company on January 31, 2007. Since January 31, 2007, the Company is incurring additional costs for increased payroll, marketing, professional, rent, insurance and other operating expenses to grow Anchor's core business, build an infrastructure to support anticipated growth and operate as a publicly reporting company. In addition, the Company began leasing its own offices in Charlotte on June 1, 2007 and is opening an Executive and Sales office in Boca Raton, Florida in August, 2007. Management expects that it's operating expenses will increase to a minimum of $1 million annualized (or $250,000 per quarter) of additional expense when compared to the operating expenses for the year ended December 31, 2006.

Liquidity and Capital Resources

Cash Flow Summary

Cash Flows from Operating Activities

Net cash used by operating activities was $182,388 for the three months ended March 31, 2007 and was primarily due to our net loss for the period and cash used by operating assets and liabilities. The net loss was $156,036 for the three months ended March 31, 2007. Cash used by operating assets and liabilities was primarily due to increases in retained interest in accounts receivable, decreases in accounts payable, offset by increases in accrued payroll and accrued expenses. These changes were primarily the result of timing of payments and receipts. Net cash provided by operating activities was lower for the three months ended March 31, 2007 compared to the same period last year primarily due to the loss incurred in the current period of $156,036 compared to net income of $98,745 for the three months ended March 31, 2006.

Net cash provided by operating activities was $682,558 for the year ended December 31, 2006 and was due primarily to the growth in our net income and a decrease in purchased accounts receivable. For the year ended December 31, 2005 we used $893,225 in operating activities primarily due to an increase in purchased accounts receivable. As of December 31, 2005 we purchased a single invoice from a client, which totaled approximately $372,000. This invoice contributed to the higher purchased accounts receivable balance as of December 31, 2005 and it was subsequently paid in 2006. Our net income for the year ended December 31, 2006 was $152,354 compared to a net loss of $17,497 for the year ended December 31, 2005.

Cash Flows from Investing Activities

For the three months ended March 31, 2007, net cash used in investing activities was $1,758 for the purchase of property and equipment.

For the year ended December 31, 2006, net cash provided by investing activities was $94,126 primarily representing repayment of funds that had been loaned to a related party.

For the year ended December 31, 2005, net cash used in investing activities was $104,603 of which $94,455 was loans made to a related party and $9,148 was for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $5,351,447 for the three months ended March 31, 2007. This was primarily the result of $6,662,500 of proceeds from the sale of Preferred Stock offset by $1,180,208 of payments related to costs of the sale. In addition, our lender received $130,845 of payments from our clients which resulted in a receivable from our lender of $86,162 as of March 31, 2007.

Net cash used in financing activities was $757,423 for the year ended December 31, 2006. This was the result of a number of items including (a) the reduction in purchased accounts receivable which requires less borrowing from a financial institution (b) the reduction of our borrowing from a financial institution by using retained profits for the period and (c) short-term funds from a related party.

Net cash provided by financing activities was $955,453 for the year ended December 31, 2005. This was the result of a number of items including (a) the increase in purchased accounts receivable which requires more borrowing from a financial institution (b) short-term funds from related parties

Between January 31, 2007 and April 5, 2007, we raised $6,712,500 in gross proceeds from the sale of 1,342,500 shares of our Series 1 Convertible Preferred Stock to expand our operations both internally and through possible acquisitions as more fully described under “Description of Business.”

Capital Resources

We have a line of credit with an institutional asset based lender, which advances funds against the lower of $1,000,000 or "eligible accounts receivable" as defined in Anchor's agreement with its institutional lender. The institution receives a fee of .3% of the receivables financed. The interest on the borrowings is paid monthly at the institution's prime plus 1%. On June 28, 2007 we notified our lender to terminate the facility agreement immediately. Contractually, the Agreement expires in September 2007 and to date, the lender has not terminated the facility. Management believes that it can obtain a line of credit at lower rates based on its current capitalization. The facility is collateralized by all current and future Anchor assets and is guaranteed by three shareholders who are also directors. This facility contains certain covenants related to tangible net worth and change in control. As of June 29, 2007, we have no outstanding debt under our line of credit.

We are not reliant on loans from related parties. Based on our current cash position, we believe can meet our cash needs for the next 12 to 18 months and support our anticipated organic growth. In the event we acquire another company, particularly one with a large cash purchase price, we may need additional financing to complete the transaction and our daily cash needs and liquidity could change based on the needs of the combined companies. At that time, in the event we are not able to obtain a sufficient line of credit to complete the acquisition (if needed) and to operate the combined companies financing needs on commercially reasonable terms, our ability to operate our business would be significantly impacted and our financial condition and results of operations could suffer.

Item 3. Description of Property.

We currently lease our principal executive office space from a non- affiliated company located at 10801 Johnston Road, Suite 210, Charlotte, NC 28226. These facilities, which consist of approximately 1,200 square feet of office space are leased from June 2007 for a period of 24 months at a monthly base rent of approximately $1,500. We have also leased approximately 2,875 square feet of office space located at 800 Yamato Road, Boca Raton, FL, 33431 from a non-affiliated third party. The lease shall commence upon the delivery of premises to us which is expected to be in August 2007 and for a term of 61 months. Upon taking delivery of the premises in July or August 2007, we will be paying initially approximately $8,300 per month based upon a base rent of $5,750 (plus applicable Florida sales tax),. We are also responsible for our proportionate share of real estate taxes and assessments, operating costs and professional and other services.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

On January 31, 2007, we acquired all the Membership Interests of Anchor Funding Services, LLC in exchange for 8,000,000 common shares. As of June 24, 2007, we have 11,820,555 shares of Common Stock and 1,342,500 shares of Series 1 Preferred Stock issued and outstanding. In this respect, each one share of Series 1 Preferred Stock has the voting rights of 5.7877 common shares, but is convertible into only 5.0 common shares. Accordingly, the 1,342,500 shares of Series 1 Preferred Stock are convertible into 6,712,500 shares of Common Stock with the equivalent voting rights of 7,770,000 common shares or approximately 40% of the outstanding voting shares. Each share of Series 1 Preferred Stock was issued by us to have greater voting rights than the number of shares of Common Stock in order to achieve a tax free reorganization for the former members of Anchor Funding Services, LLC in connection with our January 31, 2007 acquisition of Anchor Funding Services, LLC. The following table sets forth information regarding the economic ownership of our company Common Stock by:

- each of our stockholders who is known by us to beneficially own more than 5% of our common stock;
- each of our executive officers; and
- each of our directors.

Beneficial ownership is determined based on the rules and regulations of the Commission. A person has beneficial ownership of shares if the individual has the power to vote and/or dispose of shares. This power can be sole or shared, and direct or indirect. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person are counted as outstanding in such cases where the option holder may exercise the options within 60 days of the date hereof. These shares, however, are not counted as outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to the table below, each person named in the table has sole voting and dispositive power with respect to the shares set forth opposite that person's name.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	% of Shares of Common Stock Beneficially Owned	Shares of Series 1 Preferred Stock Beneficially Owned	% of Shares of Series 1 Preferred Stock Beneficially Owned
Morry F. Rubin (1)	3,816,667	31.7%	-0-	-0-
George Rubin (1)	2,472,000	20.8%	-0-	-0-
Ilissa and Brad Bernstein (2)	2,316,667	19.1%	-0-	-0-
Frank DeLape (3)(4)	1,360,000	11.4%	-0-	-0-
Kenneth Smalley (3)(4)	60,000	.5%	-0-	-0-
All officers and directors as a group (five persons) (5)	10,025,334	80.0%	-0-	-0-
William Baquet(6)	2,842,500	21.6%	-0-	-0-
Buechel Family Ltd partnership (7)	1,000,000	7.2%	200,000	14.9
Buechel Patient Care Research & Education Fund (7)	1,000,000	7.2%	200,000	14.9

(1) Morry Rubin's beneficial ownership includes options to purchase 216,667 shares of Common Stock of a total of 650,000 options granted to him and 72,000 shares in which Morry Rubin's wife and George Rubin are co-trustees of certain family trusts. Morry Rubin's options vested one-third on January 31, 2007 and will vest one-third on February 29, 2008 and one-third on February 28, 2009. George Rubin's beneficial ownership includes 72,000 shares in which Morry Rubin's wife and George Rubin are co-trustees of certain family trusts.

(2) Of the 2,316,667 shares beneficially owned by them, 2,000,000 common are owned by Illissa Bernstein, Brad Bernstein's wife. The remaining 316,667 shares represent options to purchase a like amount of shares of Common Stock of a total of 950,000 options granted to Brad Bernstein.

(3) Includes options to purchase 60,000 shares of Common Stock of a total of 180,000 options.

(4) Includes 700,000 common shares owned by Benchmark Equity Group, and 600,000 shares held in three family trusts.

(5) Includes all options referenced above.

(6) The shares held by William Baquet include 1,500,000 shares which are directly beneficially owned by him and warrants to purchase 1,342,500 shares of our Common Stock, exercisable at a purchase price of $1.10 per share through January 31, 2012, which warrants were issued to Fordham Financial Management, Inc. in connection with the completion of our recent private placement of Series 1 Convertible Preferred Stock. William Baquet is an executive officer, director and principal of Fordham Financial Management, Inc.

(7) This person beneficially owns 200,000 shares of Series 1 Preferred Stock convertible into 1,000,000 shares of Common Stock. Each beneficial owner has the right to vote at each stockholder meeting the equivalent of 1,157,542 shares of Common Stock. These beneficial owners are under common control of Frederick Buechel.

Item 5. Directors, Executive Officers, Promoters and Control Persons.

The following sets forth certain information with respect to our executive officers and directors, each of whom became an officer and/or director of our company on January 31, 2007.

Name	Age	Position(s)
George Rubin *	78	Co-Chairman and Co-Founder
Morry F. Rubin *	47	Co-Chairman, CEO, Director, Co-Founder
Brad Bernstein	42	President, CFO & Co-Founder
Frank Delape	52	Director
Kenneth Smalley	44	Director

_____

* George Rubin is the father of Morry F. Rubin.

Executive Officers and Directors

George Rubin has served as Co-Chairman of Anchor Funding Services, LLC since its formation in 2003. Since October , 1998, George Rubin has been a director and a principal owner of Preferred Labor LLC, which completed the sale if its business on April 23, 2007. Mr. Rubin will devote to Anchor such time as is necessary for the performance of his duties. George Rubin was Chairman of the Board of ATC Group Services, Inc., a publicly held Company, from 1988 to 1998. ATC was sold to a financial investor group for approximately $160 million. From 1961 to 1987, Mr. Rubin served as President, Treasurer and Director of Staff Builders, Inc. During that time, Staff Builders, Inc. was a publicly held corporation engaged in providing temporary personnel in the healthcare, light industrial and clerical fields. While he served as President, Staff Builders, Inc. operated through approximately 100 offices and generated revenues in excess of $100 million.

Morry F. Rubin has served as Co-Chairman and Chief Executive Officer of Anchor funding Services, LLC since its formation in 2003. Since 1998, Morry F. Rubin also has been Chairman, Chief Executive Officer and principal owner of Preferred Labor LLC which completed the sale if its business on April 23, 2007. On January 31, 2007, Mr. Rubin became a full-time employee of our company. Prior to his involvement with Preferred Labor, Mr. Rubin was President, Chief Executive Officer, Treasurer and a director of ATC Group Services, Inc. (“ATC”), a publicly held company, from 1988 to 1998. In January 1998, ATC was sold to a financial investor group for approximately $160 million. Mr. Rubin was also President, Chief Executive Officer and Treasurer of Aurora Environmental, Inc. from May 1985 to June 1995, and was a director of Aurora from September 1983 to June 1995. In 1995, Morry Rubin was selected as a finalist for the Ernst & Young Entrepreneur of the Year under 40 Award for the New York City Region. From 1981 to 1987, Mr. Rubin was employed in sales and as director of acquisitions for Staff Builders, Inc., a publicly held company engaged in providing temporary personnel in the healthcare, light industrial and clerical fields.

Brad Bernstein has served as President and Chief Financial Officer of Anchor Funding Services, LLC since its formation in 2003. Mr. Bernstein was employed by Preferred Labor LLC from March 1999 through January, 2007. Mr. Bernstein served Preferred as its Chief Financial officer and later as its President. On January 31, 2007, Mr. Bernstein became a full-time employee of our company. Before joining Preferred Labor he was a partner of Miller, Ellin Consulting Group, LLP. Mr. Bernstein advised companies in many areas to improve their operations and increase their profitability. Mr. Bernstein's clients also included major commercial and investment banks, asset based lenders and factoring companies. These institutions relied on his ability to oversee due diligence engagements and evaluate a Company's financial performance, its internal control structure and the quality of its assets before making investments or loans. Mr. Bernstein has used his banking relationships to raise debt and negotiate and structure financing for companies. Mr. Bernstein received a Bachelor of Arts degree from Columbia University.

Frank DeLape is Chairman and CEO of Benchmark Equity Group, a company he founded in 1994. Prior to Benchmark, Mr. DeLape spent 11 years in executive management roles of managing turnarounds for various companies. He has worked on behalf of the Board of Directors or the sponsoring banks to recapitalize companies, return them to profitability or maximize cash repayment through an orderly liquidation. Benchmark provides private equity and debt financings from various funds as well as a syndicate of investors. Mr. DeLape was a founder and financier of Think New Ideas, a NASDAQ NMS listed company, which later sold for over $300 million. At Benchmark, Mr. DeLape has formed and been instrumental in the growth of eighteen companies. Of these, seven have become NASDAQ listed, one listed on the American Stock Exchange, and three were sold, creating in total over $3 billion in market value. Mr. DeLape is also Founder and Managing General Partner of Trident Growth Fund, a government licensed Small Business Investment Corporation, (SBIC). From August 2001 through October 2005, Mr. DeLape was Chairman of the Board of the biotechnology company Isolagen, Inc. Over his four years as Chairman and a major shareholder of Isolagen, Mr. DeLape oversaw the listing of Isolagen on the American Stock Exchange, and raising over $194 million in debt and equity financings for the company. Mr. DeLape is a Director of Polymedix, Inc. since November 2005 and President, CEO and a director of Influmedix, Inc. since November 2004. Mr. DeLape is a member of the National Association of Corporate Directors.

Kenneth D. Smalley C.F.A. was the director of the High Yield Portfolio Group at The Dreyfus Corporation from May of 2001 through February of 2005. As Dreyfus's high yield portfolio manager, he was responsible for the performance of over $1.5 billion in mutual fund assets. Prior to joining Dreyfus, Mr. Smalley was a high-yield portfolio manager and analyst with the Alliance Capital Management Corporation (January 1999 through May 2001). Prior to joining Alliance Capital, he was a high-yield bond trader and analyst at, the PaineWebber Group Inc. (July 1996 through December 1998), NatWest Securities from March 1994 through December 1995, and Nomura Securities from April of 1993 to March of 1994. Mr. Smalley was a credit analyst at Teacher Insurance and Annuity Association from July of 1989 through April of 1993 and began his career in 1985 as a financial analyst at General Electric Co.'s Aircraft Engine Business Group. Mr. Smalley received his M.B.A. from the Stern School in 1989, and is a Chartered Financial Analyst. Mr. Smalley has also been involved in the Legal Finance Industry, specially the Pre-Settlement Legal Financing Sector, as one of the original founders of the Cambridge Management Group and as a leading consultant (March 2005 through September 2006) to the industry. Mr. Smalley recently joined the Bridgehead Group (September 2006) as its Chief Financial Officer.

All directors of the Company are elected at its annual meeting of stockholders to hold office until the next annual meeting of stockholders and until their successor is elected and qualified, or until such director's earlier death, resignation or removal. All officers of the Company serve at the pleasure of the Board, subject to their contractual rights, if any.

Limitation of Directors' Liability and Indemnification

Our directors are not personally liable to us or to any of our stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to us or our stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware or (iv) for any transaction from which the director derived any improper personal benefit. If the General Corporation Law of the State of Delaware or any other statute of the State of Delaware is amended to authorize the further elimination or limitation of the liability of our directors, then the liability of our directors will be limited to the fullest extent permitted by the statutes of the State of Delaware, as so amended, and such elimination or limitation of liability shall be in addition to, and not in lieu of, the provided limitation on the liability of a director. To the maximum extent permitted by law, we fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was our director or officer, or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. To the extent permitted by law, we may fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was our employee or agent, or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. We will, if so requested by a director or officer, advance expenses (including attorneys' fees) incurred by such director or officer in advance of the final disposition of such action, suit or proceeding upon the receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such director or officer is not entitled to indemnification. We may advance expenses (including attorneys' fees) incurred by an employee or agent in advance of the final disposition of such action, suit or proceeding upon such terms and conditions, if any, as our Board deems appropriate.

Committees

Currently the Company has no audit, compensation, corporate governance, nominating or other committee of the Board of Directors, although it intends to establish an audit, compensation and corporate governance committee in the near future. See "Directors Compensation."

The Sarbanes-Oxley Act of 2002, as amended, required each corporation to have an audit committee consisting solely of independent directors and to identify the independent directors who are considered to be a "financial expert." Under the National Association of Securities Dealers Automated Quotations definition, an "independent director means a person other than an officer or employee of the Company or its subsidiaries or any other individuals having a relationship that, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the director. The board's discretion in determining director independence is not completely unfettered. Further, under the NASDAQ definition, an independent director is a person who (1) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose immediate family members have not been over the past three years), employed by the company; (2) has not (or whose immediate family members have not) been paid more than $60,000 during the current or past three fiscal years; (3) has not (or whose immediately family has not) been a partner in or controlling shareholder or executive officer of an organization which the company made, or from which the company received, payments in excess of the greater of $200,000 or 5% of that organizations consolidated gross revenues, in any of the most recent three fiscal years; (4) has not (or whose immediate family members have not), over the past three years been employed as an executive officer of a company in which an executive officer of Anchor has served on that company's compensation committee; or (5) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose immediate family members have not been over the past three years) a partner of Anchor's outside auditor.

The term “Financial Expert” is defined as a person who has the following attributes: an understanding of generally accepted accounting principles and financial statements; has the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company’s financial statements, or experience actively supervising one or more persons engaged in such activities; an understanding of internal controls and procedures for financial reporting; and an understanding of audit committee functions.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Board Members Who Are Deemed Independent

Our board of directors has determined that Kenneth Smalley is our sole "independent director" as that term is defined by the National Association of Securities Dealers Automated Quotations ("NASDAQ"). Kenneth Smalley is not a "financial expert." See "Committees" for a description of the definition of "Independent Director" and "Financial Expert."

Item 6. Executive Compensation.

Compensation of Directors and Executive Officers.

Summary Compensation Table

The following table sets forth the overall compensation earned over the fiscal year ended December 31, 2006 by (1) each person who served as the principal executive officer of Anchor Funding Services, LLC during fiscal year 2006; (2) Anchor Funding Services, LLC most highly compensated (up to a maximum of two) executive officers as of December 31, 2006 with compensation during fiscal year 2006 of $100,000 or more; and (3) those two individuals, if any, who would have otherwise been in included in section (2) above but for the fact that they were not serving as an executive of Anchor Funding Services, LLC as of December 31, 2006.

	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)	Options Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (2)(3)	Total ($)
Morry F. Rubin Chief Executive Officer	2006	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Brad Bernstein President	2006	$ -0-	$ -0_	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

(1) Reflects dollar amount expensed by Anchor Funding Services, LLC during applicable fiscal year for financial statement reporting purposes pursuant to FAS 123R. FAS 123R requires the company to determine the overall value of the restricted stock awards and options as of the date of grant based upon the Black-Scholes method of valuation, and to then expense that value over the service period over which the restricted stock awards and options become vested. As a general rule, for time-in-service-based restricted stock awards and options, the company will immediately expense any restricted stock awards and option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock awards and options. For a description FAS 123R and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the consolidated financial statements included with this Form 10-SB.

(2) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000; (ii) any “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for the benefit of the named executive officer; and (vii) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.

(3) Includes compensation for service as a director described under Director Compensation, below.

For a description of the material terms of each named executive officer's employment agreement, including, without limitation, the terms of any contract, agreement, plan or other arrangement that provides for any payment to a named executive officer in connection with his or her resignation, retirement or other termination, or a change in control of the company, see "Employment Agreements" below.

No outstanding common share purchase option or other equity-based award granted to or held by any named executive officer in 2006 were re-priced or otherwise materially modified, including extension of exercise periods, the change of vesting or forfeiture conditions, the change or elimination of applicable performance criteria, or the change of the bases upon which returns are determined, nor was there any waiver or modification of any specified performance target, goal or condition to payout.

Executive Officer Outstanding Equity Awards At Fiscal Year-End

The following table provides certain information concerning any common share purchase options, stock awards or equity incentive plan awards held by each of our named executive officers that were outstanding as of December 31, 2006.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Morry F. Rubin	-0-	-0-	-0-	N/A	N/A	-0-	-0-	-0-	-0-
Brad Bernstein	-0-	-0-	-0-	N/A	N/A	-0-	-0-	-0-	-0-

N/A - not applicable.

Employment Agreements

Each of the following executive officers is a party to an employment agreement with the Company.

Name	Position	Annual Salary(1)	Bonus (2)
Morry F. Rubin	Chief Executive Officer	$ 1 (1)	Annual bonuses at the discretion of the Board in an amount determined by the compensation committee.
Brad Bernstein	President	$ 205,000 (2)	Annual bonuses at the discretion of the Board in an amount determined by the compensation committee.

(1) Effective commencing on the first day of the first month following such time as the Company shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, Mr. Rubin's Base Salary shall be adjusted to an amount, to be mutually agreed upon between Employee and the Company, reflecting the fair value of the services provided, and to be provided, by Employee taking into account (i) Employee's position, responsibilities and performance, (ii) the Company's industry, size and performance, and (iii) other relevant factors.

(2) The Company shall pay Mr. Bernstein a fixed base salary of $205,000 during the first year of the Employment Term, $220,000 during the second year of the Employment Term and $240,000 during the Third Year and any additional year of the Employment Term. The Board may periodically review Mr. Bernstein's Base Salary and may determine to increase (but not decrease) the Base Salary, in accordance with such policies as the Company may hereafter adopt from time to time, if it deems appropriate.

On January 31, 2007, we entered into a three-year employment agreement with Morry F. Rubin ("M. Rubin") to retain his services as Co-chairman and Chief Executive Officer. We entered into a three-year employment agreement to retain the services of Brad Bernstein ("Bernstein") as President. The following summarizes the employment agreements of M. Rubin and Bernstein, who are individually referred to as "Executive" and collectively as "Executives."

- Each Executive shall receive a base salary and bonuses as described above. M. Rubin and Bernstein shall be entitled to a monthly automobile allowance of $1,500 and $1,000, respectively;
- M. Rubin and Bernstein were granted on January 31, 2007 10-year options to purchase 650,000 and 950,000 shares, respectively, exercisable at $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or Executive is terminated without cause or Executive terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of Executive's termination for good reason by Executive or by the Company without cause;

- The Agreement shall be automatically renewed for additional one year terms unless either party notifies the other, in writing, at least 60 days prior to the expiration of the term, of such party's intention not to renew the Agreement;

- Each Executive shall be required to devote his full business time and efforts to the business and affairs of the Company. Each executive shall be entitled to indemnification to the full extent permitted by law. Each executive is subject to provisions relating to non-compete, non-solicitation of employees and customers during the term of the Agreement and for a specified period thereafter (other than for termination without cause or by the Executive for good reason.

- Each Executive shall be entitled to participate in such Executive benefit and other compensatory or non-compensatory plans that are available to similarly situated executives of the Company and shall be entitled to be reimbursed for up to $25,000 of medical costs not covered by the Company's health insurance per year.
- Bernstein shall be entitled to reimbursement for out-of-pocket moving costs incurred in connection with the relocation of the Company's Executive offices to Boca Raton, FL;

- The Company shall, to the extent such benefits can be obtained at a reasonable cost, provide the Executive with disability insurance benefits of at least 60% of his gross Base Salary per month; provided that for purposes of the foregoing, prior to the date on which M. Rubin's Base Salary is adjusted above $1.00 as described above, M. Rubin's Base Salary shall be deemed to be $300,000. In the event of the Executive's Disability, the Executive and his family shall continue to be covered by all of the Company's Executive welfare benefit plans at the Company's expense, to the extent such benefits may, by law, be provided, for the lesser of the term of such Disability and 24 months, in accordance with the terms of such plans; and
- The Company shall, to the extent such benefits can be obtained at a reasonable cost, provide the Executive with life insurance benefits in the amount of at least $500,000. In the event of the Executive's death, the Executive's family shall continue to be covered by all of the Company's Executive welfare benefit plans, at the Company's expense, to the extent such benefits may, by law, be provided, for 12 months following the Executive's death in accordance with the terms of such plans.

Termination of Employment.

Each Executive's employment with the Company may be terminated by mutual agreement. The following description summarizes the severance pay (exclusive of base salary, car allowances and benefits due up to the date of termination), if any, of each Executive in the event of termination (other than by mutual agreement) and the treatment of each Executive's options:

Termination for Cause.In the event of any termination for cause (as defined in the agreement), the Executive shall not receive any severance pay and any and all stock options granted to the Executive shall terminate according to their terms of grant with any such vested options being exercisable for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant.

Termination for Disability or Death. In the event of termination for disability (as defined in the agreement) or death, Executive shall receive all bonuses then earned, six months severance pay in the case of death, and the acceleration of certain options. Such options may be exercised for the longer of (i) 12 months from the date of the date of termination and (ii) the exercise term of each relevant option grant.

Termination without Cause. The Executive's employment with the Company may be terminated by the Company, in the absence of Cause and by Executive for Good Reason (as defined in the agreement). In such event, Executive shall receive 12 months severance pay, targeted bonuses, continuation of certain benefits and full vesting of all options. Such options may be exercised for the longer of (i) 12 months from the date of termination and (ii) the exercise term of each relevant option grant.

Voluntary Resignation. The Executive's employment with the Company may be terminated by the Executive without Good Reason. In such event, the Executive shall not receive any severance pay and unless termination occurs in the first year of employment, all vested options shall be retained by the Executive for the full exercise term of each relevant option.

DIRECTOR COMPENSATION

Cash Fees and Options

Currently the Company has no audit, compensation, corporate governance, nominating or other committee of the Board of Directors, although it intends to establish an audit, compensation and corporate governance committee in the near future. The chairman of each committee that is formed by us at a later date will be entitled to an annual fee of $6,500 and each non-executive director will receive an annual fee of $6,500 as a member of the Board, a fee of $1,000 per Board or Committee meeting (or consent in lieu of a meeting), and an activity fee of $1,000 per day for services rendered by the Board member. George Rubin will receive the same health and dental insurance benefits as those provided to our executive officers to the extent permitted by the rules and regulations applicable thereto and an additional medical reimbursement of up to $25,000 per annum. Members of the Board of Directors are eligible to participate under one or more of our company's stock option plan(s). On January 31, 2007, we established a stock option plan covering 2,100,000 shares and granted non-statutory stock options to purchase 950,000, shares and 650,000 shares to Brad Bernstein and Morry F. Rubin, respectively, exercisable at $1.25 per share. We also granted non-statutory stock options to purchase 180,000 shares to each of Kenneth Smalley and Frank Delape, exercisable at $1.25 per share. These options will have a term of ten years and will vest one third on the date of grant, one-third on February 29, 2008 and one-third on February 28, 2009. Equity incentive awards and cash payments to directors will be determined in the sole discretion of the Board and/or compensation committee of the Board at such times and in such amounts as the Board or a committee thereof determines to make such awards.

Travel Expenses

All directors shall be reimbursed for their reasonable out of pocket expenses associated with attending the meeting.

2006 Compensation

The following table shows the overall compensation earned for the 2006 fiscal year with respect to each non-employee and non-executive directors of the Company as of December 31, 2006.

DIRECTOR COMPENSATION

Name and Principal Position	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($) (2)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (3)	Total ($)
Kenneth Smalley, Director	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Frank DeLape, Director (4)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
George Rubin, Director (5)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

(1) Reflects dollar amount expensed by the company during applicable fiscal year for financial statement reporting purposes pursuant to FAS 123R. FAS 123R requires the company to determine the overall value of the restricted stock awards and the options as of the date of grant based upon the Black-Scholes method of valuation, and to then expense that value over the service period over which the restricted stock awards and the options become exercisable vested. As a general rule, for time-in-service-based restricted stock awards and options, the company will immediately expense any restricted stock award or option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock award and option. For a description FAS 123 R and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the financial statements included with this Form 10-SB.

(2) Excludes awards or earnings reported in preceding columns.

(3) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000; (ii) any "gross-ups" or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for the benefit of the director; (vii) any consulting fees earned, or paid or payable; (viii) any annual costs of payments and promises of payments pursuant to a director legacy program and similar charitable awards program; and (ix) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.

(4) Does not include 1,500,000 shares of Common Stock purchased in December 2006 at a purchase price of $.025 per share (the "Purchase Price") at a time when former BTHC XI had no material assets or liabilities. Management believes that the Purchase Price paid by Mr. DeLape was made in an arms length transaction at no less than the fair market value of the former BTHC XI's Common Stock.

(5) See "Item 7 Certain Relationships and Related Transactions" for a description of the issuance of 2,400,000 shares to George Rubin on January 31, 2007 in connection with the completion of the Anchor Transaction in which George Rubin, as a member of Anchor Funding Services, LLC, exchanged his membership interest for restricted shares of our company.

Indemnification; Director and Officer Liability Insurance.

The Company has agreed to indemnify (and advance the costs of defense of) each director (and his legal representatives) to the fullest extent permitted by the laws of the state in which the Company is incorporated, as in effect at the time of the subject act or omission, or by the Certificate of Incorporation and Bylaws of the Company, whichever affords greater protection to each director, and both during and after termination (for any reason), the Company shall cause each director to be covered under a directors and officers' liability insurance policy for his acts (or non-acts) as an officer or director of the Company or any of its affiliates. Such policy shall be maintained by the Company at its expense in an amount of at least $5 million during the term each director serves the Company (including the time period of coverage after each director's service terminates for any reason whatsoever).

In the event of any litigation or other proceeding between the Company and a director with respect to enforcement of a director's rights to indemnification and director and officer liability insurance and such litigation or proceeding results in final judgment or order in favor of the Director, which judgment or order is substantially inconsistent with the positions asserted by the Company in such litigation or proceeding, the losing party shall reimburse the prevailing party for all of his/its reasonable costs and expenses relating to such litigation or other proceeding, including, without limitation, his/its reasonable attorneys' fees and expenses.

2007 Omnibus Equity Compensation Plan

On January 31, 2007, the Board adopted our 2007 Omnibus Equity Compensation Plan (the "Plan"), with 2,100,000 common shares authorized for issuance under the Plan.

The following table shows the amounts that have been granted under the Plan:

2007 Omnibus Equity Compensation Plan		
Name and Position	Dollar Value ($)	Number of Options
Morry R. Rubin, Chief Executive Officer (2)	30,420 (1)	650,000
Brad Bernstein, President (2)	44,460 (1)	950,000
Executive Group (2)	74,880 (1)	1,600,000
Non-Executive Director Group (two persons) (2)	16,848 (1)	360,000
Non-Executive Officer Employee Group (2)	$-0-	-0-

(1) On January 31, 2007, we issued stock options to the Chief Executive Officer (650,000), President (950,000) and two directors (360,000). The fair value of these options ($.0468 each) was computed using the Black Scholes option pricing model. The vested number of these options (893,333) has been recorded.

(2) On January 31, 2007, we established a stock option plan covering 2,100,000 shares and granted non-statutory stock options to purchase 950,000, shares and 650,000 shares to Brad Bernstein and Morry F. Rubin, respectively, exercisable at $1.25 per share and granted non-statutory stock options to purchase 180,000 shares to each of Kenneth Smalley and Frank Delape, exercisable at $1.25 per share. These options will have a term of ten years and will vest one third on the date of grant, one-third on February 29, 2008 and one-third on February 28, 2009.

The following is a summary of the material features of the Plan:

Shares Subject to the Plan

The maximum number of shares of common stock with respect to which awards may be made under the Plan is 2,100,000. In the event of any stock split, reverse stock split, stock dividend, recapitalization, reclassification or other similar event or transaction, the Compensation Committee will make such equitable adjustments to the number, kind and price of shares subject to outstanding grants and to the number of shares available for issuance under the Plan as it deems necessary or appropriate. Shares subject to forfeiture, cancelled or expired awards granted under the Plan will again become available for issuance under the Plan. In addition, shares surrendered in payment of any exercise price or in satisfaction of any withholding obligation arising in connection with an award granted under the Plan will again become available for issuance under the Plan.

Administration

A committee of two or more directors appointed by the Board will administer the Plan (the “Committee”); however, until the Committee is appointed, the Board administers the Plan. The Committee interprets the Plan, selects award recipients, determines the number of shares subject to each award and establishes the price, vesting and other terms of each award. While there are no predetermined performance formulas or measures or other specific criteria used to determine recipients of awards under the Plan, awards are based generally upon consideration of the grantee's position and responsibilities, the nature of services provided, the value of the services to us, the present and potential contribution of the grantee to our success, the anticipated number of years of service remaining and other factors which the Board or the Committee deems relevant.

Eligibility

Employees, directors, consultants and other service providers of our Company and its affiliates are eligible to participate in the Plan, provided; however, that only employees of our Company are eligible to receive incentive stock options. Other than consultants and other service providers, the number of currently eligible employees in the Plan is five. The maximum number of shares that are the subject of grants made under the Plan to any individual during any calendar year may not exceed 1,000,000 shares, subject to certain adjustments. A participant in the Plan may not accrue dividend equivalents during any calendar year in excess of $500,000.

Amendment and Termination of Plan

The Board may amend, alter or discontinue the Plan at any time; provided, however, that the Board may not amend the Plan without stockholder approval if such approval is required in order to comply with the Code or applicable laws or to comply with applicable stock exchange requirements. The Plan will terminate on the day immediately preceding the tenth anniversary of the Plan's effective date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the stockholders.

Grants

Grants made under the Plan may consist of incentive stock options, non-qualified stock options, stock appreciation rights or "SARs", stock awards, stock unit awards, dividend equivalents and other stock-based awards. Each grant is subject to the terms and conditions set forth in the Plan and to those other terms and conditions specified by the Committee and memorialized in a written grant agreement between our Company and grant recipient (the "Grant Instrument").

Stock Options

The Plan permits the grant of incentive stock options ("ISOs") to our employees and the employees of our subsidiaries. The Plan also provides for the grant of non-qualified stock options ("NQSOs") to our employees, directors, and consultants and other individuals who perform services for us (as well as to employees, directors, consultants and service providers of our subsidiaries). The exercise price of any stock option granted under the Plan will be equal to or greater than the fair market value of such stock on the date the option is granted, provided, however, that the exercise price of any incentive stock options granted under the Plan to an employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of our stock or any parent or subsidiary of us, may not be less than 110% of the fair market value of our common stock on the date of grant. Generally, payment of the option price may be made (i) in cash, (ii) with the Committee's consent, by approval of the Committee, by delivering shares of Company Stock owned by the Optionee (including Company Stock acquired in connection with the exercise of an Option, subject to such restrictions as the Committee deems appropriate) and having a Fair Market Value on the date of exercise equal to the Exercise Price or by attestation (on a form prescribed by the Committee) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise equal to the Exercise Price, (iii) through a broker in accordance with applicable laws, or (iv) with a combination of cash and shares. The participant must pay the option price and the amount of withholding tax due, if any, at the time of exercise. Shares of common stock will not be issued or transferred upon exercise of the option until the option price and the withholding obligation are fully paid.

Under the Plan, each option is exercisable at such time and to such extent as specified in the pertinent Grant Instrument between our Company and the option recipient. However, no option shall be exercisable with respect to any shares of common stock more than ten years after the date of grant of such award (except as otherwise determined by the Committee with respect to non-incentive options) and no incentive stock option that is granted to an employee, who at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of our Company, or any parent or subsidiary of ours, may be exercised more than five years from the date of grant. Notwithstanding the foregoing, the Committee may provide, in a Grant Instrument, that a Grantee may transfer Nonqualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws, according to such terms as the Committee may determine; provided that the Grantee receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

Effects of Termination of Service with our Company

Generally, unless provided otherwise in the Grant Instrument, the right to exercise any option or SAR (described below) terminates ninety (90) days following termination of the participant's relationship with the Company for reasons other than death, disability or termination for "cause" as defined in the Plan. If the participant's relationship with us terminates due to death or disability, unless provided otherwise in the Grant Instrument, the right to exercise an option or SAR will terminate the earlier of one year following such termination or the original expiration date. If the participant's relationship with us is terminated for "cause", any option or SAR not already exercised will automatically be forfeited as of the date such termination.

Stock Awards

We may issue awards of our common stock pursuant to the terms of the Plan. A stock award may be issued for consideration or for no consideration and may be subject to certain restrictions and risk of forfeiture (such as the completion of a period of service or attainment of a performance goal) as determined by the Committee and set forth in the Grant Instrument governing the stock award. If a participant's employment terminates before the vesting condition is fulfilled, the shares will be forfeited. While the shares remain unvested, a participant may not sell, assign, transfer, pledge or otherwise dispose of the shares. Unless otherwise determined by the Committee, a stock award entitles the participant to all of the rights of a stockholder of our Company, including the right to vote the shares and the right to receive any dividends thereon.

Stock Units

The Plan provides for the grant of stock units to employees, non-employee directors, or consultants or other individuals who perform services for us, subject to any terms and conditions, including the fulfillment of specified performance goals or other conditions, as may be established by the Committee. Each stock unit represents one hypothetical share of common stock and the right of the grantee to receive an amount based on the value of a share of our common stock. Payments with respect to stock units may be made in cash or in shares of common stock, or in combination of the two as determined by the appointed committee.

Stock Appreciation Rights

The Plan also provides for the grant of SARs, either alone or in tandem with stock options. An SAR entitles its holder to a cash payment of the excess of the fair market value of our common stock on the date of exercise, over the fair market value of our common stock on the date of grant. An SAR issued in tandem with a stock option will have the same terms as the stock option. The terms of an SAR granted alone, without an option, will be established by the Committee, in the Grant Instrument governing the SAR.

Other Stock-Based Award

The Committee may grant other stock-based awards, other than those described herein, that are based on, measured by or payable in shares of common stock on such terms and conditions as the Committee may determine. Such awards may be subject to the achievement of performance goals or other conditions and may be payable in cash, shares of common stock or any combination of cash and shares of common stock as the Committee shall determine.

Dividend Equivalents

The Committee may grant dividend equivalents in connection with grants under the Plan. Dividend equivalents may be paid currently or accrued as contingent cash obligations and may be payable in cash or shares of common stock, and upon such terms as the appointed committee may establish, including the achievement of specific performance goals.

Change of Control of the Company

In the event of a Change of Control, as that term is defined in the Plan, of our Company, the Committee has discretion to, among other things, accelerate the vesting of outstanding grants, cashout outstanding grants or exchange outstanding grants for similar grants of a successor company. A Change of Control of our Company will be deemed to have taken place upon the:

- the acquisition by any person of direct or indirect ownership of securities representing more than 50% of the voting power of our then outstanding stock;
- a consolidation or merger of our Company resulting in the stockholders of the Company immediately prior to such event not owning at least a majority of the voting power of the resulting entity's securities outstanding immediately following such event;
- the sale of substantially all of our assets; or
- The liquidation or dissolution of our Company.

Item 7. Certain Relationships and Related Transactions.

Anchor Funding Services, LLC was founded in 2003 by George Rubin, Morry F. Rubin and Brad Bernstein. Since its formation, Anchor's operations were funded through loans from George Rubin and Morry F. Rubin. Effective November 30, 2006, George Rubin and Morry F. Rubin converted the principal amount of $253,000 and $203,000, respectively, into membership interests of Anchor. George Rubin, Morry F. Rubin and Illissa Bernstein, Brad Bernstein's wife beneficially owned 30%, 45% and 25%, respectively of the membership interests of Anchor up until the closing of the Anchor Transaction on January 31, 2007

George Rubin and Morry F. Rubin beneficially own approximately 96% and Brad Bernstein beneficially owns approximately 2% of Preferred Labor, which completed the sale of its business on April 23, 2007. Preferred Labor temporarily maintains a limited staff. We utilize a credit manager from Preferred Labor to assist in managing credit and making collection calls, which arrangement is expected to cease some time in July 2007. At times in the past, we used other accounting personnel from Preferred Labor for certain back office functions. In the past through April 23, 2007, this affiliated company charged a fee of .25% of the value of accounts receivable purchased for credit and collection services only and .5% for credit, collection, invoicing, payroll and other bookkeeping services. The fees charged by this affiliated company were $28,668 and $20,352 for the years ended December 31, 2006 and 2005, respectively. Since April 23, 2007, Anchor pays a portion of Preferred Labor's shared employees salaries based upon actual time incurred. In the past, Anchor also reimbursed Preferred for its share of the shared office space, which arrangement ceased in June 2007. Our transactions with Preferred Labor have not been represented by any written agreements between the parties.

From time to time Anchor has borrowed money from Preferred on a short-term basis at a 10% interest rate for the services mentioned above which are charged to an intercompany account. As of July 1, 2007, any loans between the companies were paid and except for certain temporary services described above that are provided by Preferred to Anchor and reimbursed on an estimated cost basis, it is not anticipated that there will be any further transactions between the companies.

The Anchor Transaction

On January 31, 2007, the former BTHC XI and certain principal stockholders entered into a Securities Exchange Agreement ("Securities agreement") with Anchor funding Services, LLC and its members, namely, George Rubin, Morry F. Rubin and Ilissa Bernstein, to become a wholly-owned subsidiary of the former BTHC XI, Inc. (the "Anchor Transaction"), in exchange for an aggregate of 8,000,000 shares issued to George Rubin (2,400,000 shares), Morry F. Rubin (3,600,000 shares) and Ilissa Bernstein (2,000,000 shares). At closing of the Anchor Transaction, Morry F. Rubin and Brad Bernstein, the husband of Ilissa Bernstein and President of the Company, entered into employment contracts with the Company and George Rubin entered into a Director's Compensation Agreement with the Company. See "Item 6" of Part I herein.

Item 8. Description of Securities.

Overview

We have authorized 40 million shares of Common Stock, $.001 par value and 10 million shares of Preferred Stock, $.001 par value. As of July 1, 2007, we have 11,820,555 shares of Common Stock and 1,342,500 shares of Series 1 Preferred Stock issued and outstanding. The foregoing does not include Placement Agent Warrants issued to Fordham Financial Management, Inc. to purchase 1,342,500 shares of Common Stock. The Placement Agent Warrants are exercisable for five years through January 31, 2012 at $1.10 per share and contain weighted average anti-dilution protection, cashless exercise provisions and demand and "piggy-back" registration rights. In addition to the foregoing, we have established a stock option plan covering an aggregate of 2,100,000 shares of Common Stock. We have issued ten-year options to purchase an aggregate of 1,600,000 shares of Common Stock at an exercise price of $1.25 per share to the executive officers of our company and we have granted to two other directors ten-year options to purchase 180,000 shares each of our Common Stock at an exercise price of $1.25 per share.

Common Stock

We are authorized to issue 40,000,000 Shares of Common Stock, $.001 par value. Holders of our Common Stock are entitled to one vote for each Share held at all meetings of stockholders (and written actions in lieu of meetings). Dividends may be declared and paid on our Common Stock from funds lawfully available therefore as, if and when determined by our Board and subject to any preferential rights of any then outstanding preferred stock. We do not intend to pay cash dividends on our Common Stock. Upon the voluntary or involuntary liquidation, sale, merger, consolidation, dissolution or winding up of the Company, holders of Shares of Common Stock will be entitled to receive all of our assets available for distribution to stockholders, subject to any preferential rights of any then outstanding preferred stock. Our Common Stock is not redeemable.

Preferred Stock

Our Board is authorized to issue from time to time, subject to any limitation prescribed by law, without further stockholder approval, up to 10,000,000 Shares of Preferred Stock, $.001 par value, in one or more series. Preferred Stock will have such number of Shares, designations, preferences, voting powers, qualifications and special or relative rights or privileges as determined by our Board, which may include, among others, dividend rights, voting rights, redemption and sinking fund provisions, liquidation preferences, conversion rights and preemptive rights.

On January 31, 2007, we filed a Certificate of Designation with the Secretary of State of the State of Delaware and we have designated 2,000,000 shares of our Preferred Stock as Series 1 Convertible Preferred Stock. The Series 1 Preferred Stock shall rank senior as to the payment of dividends and in liquidation as to the Common Stock. The following sets forth the rights, terms and preferences of the Series 1 Preferred Stock.

Conversion Ratio	Each share of Series 1 Preferred Stock will be convertible into five (5) shares of the Company's Common Stock (the "Conversion Ratio") at any time at the option of the holder (with each date of conversion being referred to as the "Conversion Date"). Upon conversion, all accrued and unpaid (undeclared) dividends on the Series 1 Preferred Stock through the Conversion Date shall be paid in additional shares of Common Stock as if such dividends had been paid in additional shares of Series 1 Preferred Stock rounded up to the nearest whole number, and then automatically converted into additional shares of Common Stock at the then applicable Conversion Ratio. The Conversion Ratio is subject to adjustment in the event of stock splits, stock dividends, combinations, reclassifications and alike and to weighted average anti-dilution protection for sales of Common Stock at a purchase price below $1.00 per share.
Dividends	Cumulative annual dividends shall be paid in shares of Series 1 Preferred Stock or, in certain instances in cash, at an annual rate of 8% ($.40 per share of Series 1 Preferred Stock), payable on December 31 of each year commencing December 31, 2007. Dividends payable on outstanding Shares of Series 1 Preferred Stock shall begin to accrue on the date of each closing and shall cease to accrue and accumulate on the earlier of December 31, 2009 or the applicable Conversion Date (the "Final Dividend Payment Date"). Thereafter, the holders of Series 1 Preferred Stock shall have the same dividend rights as holders of Common Stock of the Company, as if the Series 1 Preferred Stock has been fully converted into Common Stock. The dividends payable on December 31, 2007 will be prorated or adjusted for the period from the date of issuance through December 31, 2007. Unpaid dividends will accumulate and be payable prior to the payment of any dividends on shares of Common Stock or any other class of Preferred Stock. Cash dividends will only be payable from funds legally available therefor, when and as declared by the Board of Directors of the Company, and unpaid dividends will accumulate until the Company has the legal ability to pay the dividends. The Company shall pay a cash dividend in lieu of a stock dividend where on the date of declaration of the dividend, it is the Board's determination that the Company's Common Stock is trading consistently at a market price below $1.00 per share. Cash dividends shall not apply to the payment of accrued and unpaid (undeclared) dividends which are paid on a Conversion Date. Dividends paid in shares of Series 1 Preferred Stock shall be based upon an assumed value of $5.00 per share of Series 1 Preferred Stock. Notwithstanding anything contained herein to the contrary, the Company's Board of Directors shall timely declare dividends on its Series 1 Preferred Stock each year unless the payment of such dividends would be in violation of applicable state law.

Registration Rights	The holders of the Series 1 Preferred Stock and the Underlying Common Stock will have unlimited piggy-back registration rights for a period of 48 months, exercisable commencing 12 months from March 30, 2007, the final closing date of our recently completed a private placement offering of Series 1 Preferred Stock (the "Offering"). The piggy-back registration rights are not applicable to a registration statement filed by the Company on Form S-4, Form S-8 or any other inappropriate form. Pursuant to a Placement Agent Agreement, the Company is prohibited from filing a registration statement on Form SB-2, Form S-1 or other similar form for a period of 18 months following the final closing date of the Offering without the prior written consent of the Placement Agent. Further, before we file a Form S-8 Registration Statement or grant options under one or more stock option plan(s), as the case may be, we must deliver to the Placement Agent 18-month lock-up agreements from January 31, 2007. The lock-up agreement shall cover any shares of common stock that may be issued pursuant to the plan(s).
Voting Rights	The holders of shares of Series 1 Preferred Stock shall vote with holders of the Common Stock, together as single class, upon all matters submitted to a vote of stockholders, including, without limitation, for the election of directors. For such purpose, each holder of Series 1 Preferred Stock shall be entitled to the voting rights of 5.7877 common shares.
Liquidation Preference	Through the Final Dividend Payment Date, the shares of Series 1 Preferred Stock will have a liquidation preference over the Common Stock of $5.00 per share, plus all accumulated and unpaid dividends in arrears. Commencing on the Final Dividend Payment Date, the holders of Series 1 Preferred Stock shall have the same liquidation rights as holders of Common Stock on a fully converted basis.
Information Rights	The Company will provide holders of shares of Series 1 Preferred Stock with all notices, reports and other information provided to the holders of Common Stock.

PART II

Item 1. Market Price and Dividends on the Registrant's Common Equity and Related Shareholder Matters.

Market Information

There is currently no public market for our Common Stock or any other securities of our company. We anticipate a member of the National Association of Securities Dealers, Inc. filing a Form 15c2-11 application for trading to commence on the OTC Electronic Bulletin Board. We can provide no assurances that an established public market for our Common Stock will develop in the near future.

As of July 1, 2007, there were 11,820,555 shares of Common Stock issued and outstanding. As of July 1, 2007, there were (i) outstanding options to purchase 1,960,000 shares of our Common Stock, (ii) outstanding Placement Agent Warrants to purchase 1,342,500 shares of our Common Stock, and (iii) outstanding 1,342,500 shares of our Series 1 Preferred Stock which are convertible into 6,712,500 shares of our Common Stock.

Currently, we have a float of 525,555 shares which were issued as free trading shares by the Bankruptcy Court under Section 1145(a)(1) of the Bankruptcy Code. Of the 525,555 shares, 367,500 shares are owned by Halter Financial Group, LLC and are subject to a one-year lock-up pursuant to which 50% may be sold on or after July 31, 2007 and the balance may be sold on January 31, 2008. The remaining 11,295,000 outstanding shares of Common Stock are restricted securities and are eligible for sale pursuant to Rule 144 of the Securities Act commencing on December 7, 2006 with respect to 3,295,000 shares and the remaining balance of 8,000,000 shares are eligible for sale under Rule 144 beginning on January 31, 2008. However, the holders of the 11,295,000 restricted common shares have signed 18 month lock-up agreements not to sell or otherwise transfer these restricted common shares (except in certain limited cases where the transferee agrees to be bound by the transfer restrictions) until July 31, 2008, with the prior written consent of Fordham Financial Management, Inc. Pursuant to Rule 144 of the Securities Act of 1933, as amended, commencing 90 days after the effective date of our Form 10-SB, shares of our common stock beneficially owned by a person for at least one year (as defined in Rule 144) are eligible for resale under Rule 144 subject to certain volume limitations, manner of sale provisions, notice requirements and the availability of current public information about us. Pursuant to Rule 144(k) of the Securities Act, our non-affiliates (who have been non-affiliates for at least three months) may sell their common stock that they have held for two years (as defined in Rule 144) without compliance with volume restrictions, manner of sale provisions, notice provisions or the availability of current information.

We have outstanding 1,342,500 shares of Series 1 Preferred Stock which are convertible into an aggregate of up to 6,712,500 shares of our restricted Common Stock. These securities are eligible for sale under Rule 144 commencing on January 31, 2008 through March 30, 2008.

Holders of Record

As of July 1, 2007, there were 513 holders of record of shares of Common Stock and 86 holders of record of our Series 1 Preferred Stock.

Dividends

The holders of our Series 1 Preferred Stock are entitled to receive dividends as more fully described under Item 8 of Part I. We have not paid or declared any cash dividends on our Common Stock. We currently intend to retain any earnings for future growth and, therefore, do not expect to pay cash dividends on our Common Stock in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information about the securities authorized for issuance under our equity compensation plans as of June 24, 2007.

Equity Compensation Plan Information

	(a) Number of Common Shares to be issued upon exercise of outstanding options	(b) Weighted average exercise price of outstanding options (1)	(c) Number of Common Shares remaining available for future issuance under our equity compensation plan (excluding securities) reflected in column (a))
Equity compensation plans approved by security holders	1,960,000	$1.25	140,000

(1) As of July 1, 2007, we have outstanding options to purchase 1,960,000 common shares, exercisable at $1.25 per share

.

Item 2. Legal Proceedings.

We are not a party to any pending legal proceedings. Our property is not the subject of any pending legal proceedings. To our knowledge, no governmental authority is contemplating commencing a legal proceeding in which we would be named as a party.

Item 3. Changes in and Disagreements With Accountants.

During the fiscal year ended December 31, 2006, there were no changes in and disagreements with accountants. The Company has engaged Cherry, Bekaert & Holland, L.L.P(“CBH”). as its independent auditor for Registrant's fiscal year ended December 31, 2006 and 2005. Registrant did not consult CBH with respect to either (i) the Prior Fiscal Years, (ii) the Interim Period with respect to either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s financial statements, or (iii) any matter that was either the subject of a Disagreement or a Reportable Event.

Item 4. Recent Sales of Unregistered Securities.

The following table provides information about the sales during the past three years of securities that have not been registered under Section 5 of the Securities Act of 1933:

Date of Sale	Title of Security	Number Sold	Consideration Received, Commissions	Purchasers	Exemption from Registration Claimed
August 16, 2006	Common Stock	158,055 shares (1)	--- (1)	499 general unsecured creditors	Section 3(a)(7)
August 16, 2006	Common Stock	367,500 shares (1)	--- (1)	One Administrative claimant	Section 3(a)(7)
December 2006	Common Stock	3,295,000 shares	$0.25 per share; no Commissions paid	14 sophisticated and accredited investors (2)	Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder(5)
January 31, 2007	Common Stock	8,000,000 shares	Exchange of securities; no cash received; no commissions paid	Three sophisticated and accredited investors (2)	Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder (5)
January 31, 2007 through March 31, 2007	Series 1 Preferred Stock	1,342,500 shares	$5$1.00 per share; 14% compensation paid to broker/dealer plus warrants to purchase 1,342,500 shares of common stock	86 accredited investors	Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder (4)
January 31, 2007 through March 31, 2007	Warrants to purchase Common Stock	1,342,500 shares	--- (3)	One sophisticated and accredited investor (2)	Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder (4)
January 31, 2007	Common Stock	Options to purchase 1,960,000 common shares	Securities granted under Equity Compensation Plan; no cash received; no commissions paid	Directors and officers	Rule 701; Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder (6)

(1) Plan shares issued to general unsecured claimants and for administrative claims pursuant to the First Amended Joint Plan of Reorganization as authorized by the Bankruptcy Court Order confirming the Chapter 11 proceeding of In re: Ballantrae Healthcare LLC, et al case # 03-33152-HDH-11, US Bankruptcy Court for the Northern District Division, pursuant to Section 1145(a)(1) of Title 11 of the United States Bankruptcy Code. No commissions were paid in connection with the issuance of the Plan shares. It should be noted that while we have listed the Plan shares in the table above, Section 5 of the Securities Act is inapplicable to the issuance of the Plan shares and that the Plan shares issued to the general unsecured claimants and for the administrative claims totaling 525,555 shares are considered to be issued in a public offering pursuant to Section 1145(c) of the Bankruptcy Code.
(2) Accredited Investors is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended.
(3) Issued to Fordham Financial Management, Inc. as partial consideration for Placement Agent services rendered in connection with our private placement of 1,342,500 shares of Series 1 Preferred Stock resulting in gross proceeds of $6,712,500. No additional consideration was paid by Fordham for said warrants.
(4) We believe that the transaction is exempt from registration under the section cited above and did not involve a public offering. Each certificate contains an appropriate restrictive legend.
(5) We believe that the transaction is exempt from registration under the section cited above and did not involve a public offering. Each certificate contains an appropriate restrictive legend. No sales commissions were paid.
(6) Represents options to purchase common stock granted under our 2007 Omnibus Equity Compensation Plan as incentive to directors and officers of our company.

Item 5. Indemnification of Directors and Officers.

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. The Company's Amended and Restated Certificate of Incorporation, as amended, provides that a director of the Company shall not be personally liable to it or its stockholders for monetary damages for any breach of fiduciary duty as a director, except to the extent that such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as currently in effect or as the same may hereafter be amended.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation and other persons serving at the request of the corporation in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he is or is threatened to be made a party by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the Court of Chancery or such other court shall deem proper.

Article Ninth of the Company's Certificate of Incorporation states the following:

"The Corporation may, to the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended, indemnify any and all persons it has power to indemnify under such law from and against any and all of the expenses, liabilities or other matters referred to in or covered by such law. In addition, the Corporation shall indemnify each of the Corporation's directors and officers in each and every situation where, under Delaware General Corporation Law (specifically section 145) the Corporation is not obligated, but is permitted or empowered, to make such indemnification, except as otherwise set forth in the Bylaws of the Corporation. Such indemnification may be provided pursuant to any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his director or officer capacity and as to action in another capacity while holding such office, will continue as to a person who has ceased to be a director, an officer, or a person for whom the Corporation has approved indemnification pursuant to the first sentence hereof, and will inure to the benefit of the heirs, executors and administrators of such a person.

If a claim under the preceding paragraph is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant will be entitled to be paid also the expense of prosecuting such claim. It will be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Compotation) that the claimant has not met the standards of conduct that make it permissible under the laws of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense will bon on the Corporation. Neither the failure of the Corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the laws of the State of Delaware nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, will be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct."

Morry F. Rubin, George Rubin and Brad Bernstein each have a contractual right to participate in directors and officers liability insurance and to indemnification of all costs and expenses, including cost of legal counsel, selected and retained by the director, in connection with any action, suit or proceeding to which the director and/or officer may be a party by reason of such person, acting in such capacity. Effective January 31, 2007, the Company has purchased certain liability insurance for all of its directors and executive officers covering $5,000,000, with a $75,000 deductible ($100,000 for securities claims).

Article Tenth of the Company's certificate of incorporation provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except: (A) for any breach of the director's duty of loyalty to the Company or its stockholders, (B) for acts or omissions that are not in good faith or that involve intentional misconduct or a knowing violation of law, (C) under Section 174 of the General Corporation Law of the State of Delaware, or (D) for any transaction from which the director derived any improper personal benefit. If the General Corporation law of the State of Delaware is amended after the date of filing of this Certificate to further eliminate or limit the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended. Any repeal or modification of the foregoing paragraph by the stockholders of the Company shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ANCHOR FUNDING SERVICES, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Stockholders and Board of
Directors of Anchor Funding Services, LLC

We have audited the accompanying balance sheet of Anchor Funding Services, LLC (the Company) as of December 31, 2006 and 2005, and the related statements of operations, changes in members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Anchor Funding Services, LLC at December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then end, in conformity with accounting principles generally accepted in the United States of America.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Charlotte, North Carolina
July 03, 2007

ANCHOR FUNDING SERVICES, LLC
BALANCE SHEETS
December 31, 2006 and 2005

ASSETS

	2006	2005
CURRENT ASSETS:		
Cash	$ 49,501	$ 30,240
Retained interest in purchased accounts receivable	473,092	1,037,680
Prepaid expenses	41,134	5,569
Total current assets	563,727	1,073,489
PROPERTY AND EQUIPMENT, net	4,010	8,157
DUE FROM RELATED COMPANY	-	95,455
	$ 567,737	$ 1,177,101

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES:		
Due to financial institution	$ 44,683	$ 823,578
Accounts payable	39,218	-
Due to related company	21,472	-
Accrued payroll and related taxes	37,796	42,828
Subordinated related party demand notes payable and accrued interest	-	494,481
Total current liabilities	143,169	1,360,887
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY	424,568	(183,786)
	$ 567,737	$ 1,177,101

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2006 and 2005

	2006	2005
FINANCE REVENUES	$ 569,285	$ 253,999
INTEREST EXPENSE, net - financial institution	(134,231)	(23,403)
INTEREST EXPENSE, net - related parties	(59,364)	(72,790)
NET FINANCE REVENUES	375,690	157,806
PROVISION FOR CREDIT LOSSES	-	-
FINANCE REVENUES, NET OF INTEREST EXPENSE AND CREDIT LOSSES	375,690	157,806
OPERATING EXPENSES	223,336	175,303
NET INCOME (LOSS)	$ 152,354	($17,497)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED	$ 1.52	($0.17)
WEIGHTED AVERAGE NUMBER OF UNITS - BASIC AND DILUTED	100,000	100,000

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the years ended December 31, 2006 and 2005

MEMBERS' DEFICIT, January 1, 2005	($166,289)
NET LOSS, year ended December 31, 2005	(17,497)
MEMBERS' DEFICIT, December 31, 2005	(183,786)
NET INCOME, year ended December 31, 2006	152,354
CONTRIBUTION OF RELATED PARTY DEMAND NOTES PAYBLE TO MEMBERS' EQUITY	456,000
MEMBERS' EQUITY, December 31, 2006	$ 424,568

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2006 and 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	2006	2005
Net income (loss):	$ 152,354	($17,497)
Adjustments to reconcile net income (loss) to net cash provided		
by (used in) operating activities:		
Depreciation and amortization	5,476	4,502
Decrease (increase) in retained interest in purchased accounts receivable	564,588	(907,257)
Increase in prepaid expenses	(35,565)	(12,928)
Increase accounts payable	39,218	-
(Decrease) increase accrued payroll and related taxes	(5,032)	13,470
(Decrease) increase in accrued interest - related party	(38,481)	26,485
Net cash provided by (used in) operating activities	682,558	(893,225)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,329)	(9,148)
Collections from related company	95,455	-
Loans to related company	-	(95,455)
Net cash provided by (used in) investing activities	94,126	(104,603)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments to) borrowings from financial institution, net	(778,895)	823,577
Borrowings from subordinated related party demand notes payable	-	345,000
Borrowings from related company	21,472	-
Principal payments on loan from related company	-	(213,124)
Net cash (used in) provided by financing activities	(757,423)	955,453
INCREASE (DECREASE) IN CASH	19,261	(42,375)
CASH, beginning of period	30,240	72,615
CASH, end of period	$ 49,501	$ 30,240
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS:		
Cash paid during the year for interest	$ 240,000	$ 69,700
Subordinated debt converted to equity	$ 456,000	$ 0

The accompanying notes to financial statements are an integral part of these statements.

1. ORGANIZATION:

Effective August 2005, ANCHOR FUNDING SERVICES, LLC ("the Company") became a North Carolina limited liability company. From January 2003 to July 2005 the Company was a South Carolina limited liability company. The Company will continue in existence until terminated in accordance with its operating agreement. The Company was formed for the purpose of providing factoring and back office services to businesses located throughout the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenue is recognized when the fee is earned and consists primarily of non-refundable transaction and time-based fees. Non- refundable transaction fees are charged when the Company purchases an accounts receivable. Time-based fees are charged until the Company collects the purchased accounts receivable. The amount charged as transaction and time-based fees is specified in each customer's factoring and security agreement and these amounts can vary between customers.

The term of the factoring and security agreement is typically one year, unless terminated in writing by the customer sixty days prior to the agreement's anniversary date. The Company records the non-refundable transaction fee as revenue at the time of purchase, which is when the fee is contractually earned

Retained Interest in Purchased Accounts Receivable - Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account. The Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable.

Management did not consider any of the December 31, 2006 and 2005 retained interest in purchased accounts receivable uncollectible based on their analysis of the portfolio.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because the majority of these invoices have been subsequently collected.

Property and Equipment - Property and equipment, consisting primarily of computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method. Estimated useful lives range from 2 to 5 years.

Advertising Costs - The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $68,200 and $68,400 for 2006 and 2005, respectively.

Earnings per Share - The Company computes net income per share in accordance with SFAS No. 128 “Earnings Per Share.” Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Basic and diluted per share results are the same since the Company did not have any common stock equivalents outstanding at December 31, 2006 or 2005.

Stock Based Compensation - In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 123(R), “Accounting for Stock-Based Compensation.” SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this statement were effective for the first interim reporting period that began after December 15, 2005. We adopted the provisions of SFAS No.123(R) in the first quarter of Fiscal 2006.

The adoption of SFAS No. 123(R) had no impact on the Company's December 31, 2006 and 2005 financial statements.

Recent Accounting Pronouncements -
In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements." SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition.

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 108 ("SAB 108"), Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements. SAB 108 provides additional guidance for the quantitative assessment of the materiality of uncorrected misstatements in current and prior years. The assessment for materiality should be based on the amount of the error relative to both the current year income statement and balance sheet. For misstatements originating in prior years that are deemed material to the current year financial statements, SAB 108 permits recording the effect of adopting this guidance as a cumulative effect adjustment to retained earnings. During the fourth quarter of 2006, the Company adopted SAB 108 and it did not have a significant impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115. SFAS 159 provides companies with an option to report selected financial assets and liabilities at estimated fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment to SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, applies to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new election date occurs, and must be applied to the entire instrument and not to only a portion of the instrument.

SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of the fiscal year, has not yet issued financial statements for any interim period of such year, and also elects to apply the provisions of SFAS No. 157. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition.

Fair Value of Financial Instruments - The carrying value of cash equivalents, retained interest in purchased accounts receivable, due to financial institution, accounts payable, accrued liabilities and subordinated related party demand notes approximates their fair value.

Cash and cash equivalents - Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

3. INCOME TAXES:

The Company is treated as a partnership for Federal and state income tax purposes. Its earnings and losses are included in the personal tax returns of its members; therefore, no provision or benefit from income taxes has been included in these financial statements.

4. RETAINED INTEREST IN PURCHASED ACCOUNTS RECEIVABLE:

Retained interest in purchased accounts receivable consists of the following:

	2006	2005
Purchased accounts receivable outstanding	$ 614,034	$ 1,300,648
Reserve account	(172,779)	(278,470)
	441,255	1,022,178
Earned but uncollected fee income	31,837	15,502
	$ 473,092	$ 1,037,680

Total accounts receivable purchased were approximately $11,469,000 and $6,103,000 for 2006 and 2005, respectively.

Retained interest in purchased accounts receivable consists of United States companies in the following industries:

Industry	2006	2005
Staffing	$ 397,061	$ 315,413
Transportation	(52,854)	328,106
Logistics	-	279,000
Publishing	45,971	55,791
Construction	26,591	-
Service	14,951	37,433
Other	9,535	6,435
	$ 441,255	$ 1,022,178

5. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	2006	2005
Furniture and fixtures	$ 1,235	$ 1,235
Computers and software	15,531	14,201
	16,766	15,436
Less accumulated depreciation	(12,756)	(7,279)
	$ 4,010	$ 8,157

6. DUE TO FINANCIAL INSTITUTION:

The Company has an agreement with a financial institution under which the institution finances their purchased accounts receivable. The institution receives a fee of .3 percent of the receivables financed plus interest as described below. This agreement expires September 2007 and will automatically renew for one year unless either party provides a written termination notice sixty days in advance of the termination date.

Borrowings are made at the request of the Company. The amount eligible to be borrowed is the lower of $1,000,000 or a borrowing base formula as defined in the agreement. The interest on borrowings is paid monthly at a rate ranging from the institution's prime rate plus 1% to 12.75%.

The agreement is collateralized by all current and future Company assets and is guaranteed by its members. The related party demand notes payable were subordinated to this agreement (Note 8).

The agreement requires the Company to maintain a specified level of tangible net worth, tangible net worth as defined in the agreement included subordinated related party demand notes payable. The agreement also has a change of control covenant. As of December 31, 2006 and 2005, the Company was in compliance with all terms of this agreement.

7. CAPITAL STRUCTURE:

The Company's operating agreement specifies only one class of units. All units issued and outstanding have voting rights. Distributions are made as authorized by the members.

The operating agreement restricts the transfer of any member's interest. The agreement requires any member to obtain approval from the Company's manager before any transfer is permitted.

8. RELATED PARTY TRANSACTIONS:

Due from/to Related Company - The Company has borrowing and loan transactions with a limited liability company (LLC) related through common ownership. These amounts are unsecured, interest bearing (at 10 percent), and payable on demand. During 2006 the Company recorded approximately $12,000 in net interest income related to this activity. During 2005 the Company recorded approximately $23,500 in net interest expense related to this activity. During 2006 and 2005, the Company recorded the following interest income (expense) amounts related to this activity:

Administrative Charges - The Company uses the administrative staff and facilities of the LLC referred to above. The services provided by the LLC consist primarily of rent, credit, collection, invoicing, payroll and bookkeeping. The Company pays the LLC a fee for these services. The fee is computed as a percentage of accounts receivable purchased by the Company. The administrative fees paid to the LLC were $28,668 in 2006 and $20,352 in 2005.

Subordinated Demand Loans Payable - These loans were payable to two of the Company's members. During 2006 the members contributed the principal amounts to members' equity and the Company paid all interest due on these loans. These loans were unsecured, subordinated to the financial institution (Note 6), payable on demand and bore interest at 15 percent. These loans consisted of the following:

	2006	2005
Principal	$ -	$ 456,000
Accrued interest	-	38,481
$-		$ 494,481

9. SUBSEQUENT EVENT:

On January 31, 2007, the Company and its members entered into a Securities Exchange Agreement with BTHC XI, Inc. The members namely, George Rubin, Morry F. Rubin ("M. Rubin") and Ilissa Bernstein exchanged their units in the Company in exchange for an aggregate of 8,000,000 common shares of BTHC XI, Inc. issued to George Rubin (2,400,000 shares), M. Rubin (3,600,000 shares) and Ilissa Bernstein (2,000,000 shares). Upon the closing of this transaction the Company became a wholly-owned subsidiary of BTHC XI, Inc.

At the time of this transaction, BTHC XI, Inc. had no operations and no assets or liabilities. After this transaction the former members of Anchor Funding Services, LLC owned approximately 67.7% of the outstanding common stock of BTHC XI, Inc.

At closing of this transaction, M. Rubin and Brad Bernstein ("B. Bernstein"), the husband of Ilissa Bernstein and President of the Company, entered into employment contracts and stock option agreements with the BTHC XI, Inc.

.

The following summarizes M. Rubin's employment agreement and stock options:

·The employment agreement with M. Rubin retains his services as Co-chairman and Chief Executive Officer for a three-year period.

·An annual salary of $1 until, the first day of the first month following such time as BTHC XI, Inc. shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, M. Rubin's base salary shall be adjusted to an amount, to be mutually agreed upon between M. Rubin and BTHC XI, Inc., reflecting the fair value of the services provided, and to be provided, by M. Rubin taking into account (i) his position, responsibilities and performance, (ii) BTHC XI, Inc.'s industry, size and performance, and (iii) other relevant factors. M. Rubin is eligible to receive annual bonuses as determined by BTHC XI, Inc.'s compensation committee. M. Rubin shall be entitled to a monthly automobile allowance of $1,500.

·10-year options to purchase 650,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or M. Rubin is terminated without cause or M. Rubin terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of M. Rubin's voluntary termination or by BTHC XI, Inc. without cause.

The following summarizes B. Bernstein's employment agreement and stock options:

·The employment agreement with B. Bernstein retains his services as President for a three-year period.

·An annual salary of $205,000 during the first year, $220,000 during the second year and $240,000 during the third year and any additional year of employment. The Board may periodically review B. Bernstein's base salary and may determine to increase (but not decrease) the base salary in accordance with such policies as BTHC XI, Inc. may hereafter adopt from time to time, if it deems appropriate. B. Bernstein is eligible to receive annual bonuses as determined by BTHC XI, Inc.'s compensation committee. B. Bernstein shall be entitled to a monthly automobile allowance of $1,000.

·10-year options to purchase 950,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or B. Bernstein is terminated without cause or B. Bernstein terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of B. Bernstein's voluntary termination or by BTHC XI, Inc. without cause.

Thefollowing summarizes the non-employee stock option agreements entered into with two directors:

- 10-year options to purchase 360,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009. If either director ceases serving BTHC XI, Inc. for any reason, all unvested options shall terminate immediately and all vested options must be exercised within 90 days after the director ceases serving as a director.

The following table summarizes information about stock options as of January 31, 2007:

BTHC XI, Inc. will record the issuance of these options as of January 31, 2007 in accordance with SFAS No. 123(R). The following information was input into a Black Scholes option pricing model to compute a per option price of $.0468:

The financial effect of these option agreements will be recorded in the January 31, 2007 financial statements and is anticipated to be as follows:

Sale of Convertible Preferred Stock

From approximately February 1, 2007 to April 5, 2007 BTHC XI, Inc. sold 1.342,500 shares of convertible preferred stock to accredited investors. The gross proceeds, transaction expenses and net proceeds of these transactions were as follows:

The placement agent was issued warrants to purchase 1,342,500 shares of BTHC XI, Inc.'s common stock. The following information was input into a Black Scholes option pricing model to compute a per option price of $.0462:

The following table summarizes information about stock warrants as of April 5, 2007:

10. CONCENTRATIONS:

Revenues - Revenues consist of the following amounts from United States companies in the following industries:

Industry	2006	2005
Staffing	$ 189,395	$ 127,882
Transportation	93,956	83,757
Logistics	224,214	10,916
Publishing	26,481	9,650
Construction	2,017	-
Service	9,970	9,128
Other	23,252	12,666
	$ 569,285	$ 253,999

Major Customers - The Company had the following transactions and balances with three unrelated customers which represent 10 percent or more of its revenues as follows:

	For the year ended December 31, 2006		
Revenues	$ 228,079	$ 95,495	$ 87,458
	As of December 31,2006		
Purchased accounts receivable outstanding	-	$ 14,957	$ 146,392
	For the year ended December 31, 2005		
Revenues	$ 85,627	$ 62,340	$ 36,264
	December 31,2005		
Purchased accounts receivable outstanding	$ 277,679	$ 163,843	$ 55,791

Cash - The Company maintains cash deposits with a bank. At various times throughout the year, these balances exceeded the federally insured limit of $100,000.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA
FINANCIAL INFORMATION

The following unaudited condensed pro forma balance sheet as of December 31, 2006 and the unaudited condensed pro forma statement of operations for the year then ended gives effect to the January 31, 2007 acquisition of Anchor Funding Services, LLC ("Anchor") by BHTC XI, Inc., ("BTHC") as if the acquisition occurred on January 1, 2006. BTHC issued 8,000,000 common shares to the members of Anchor in exchange for 100,000 (100%) of the membership units of Anchor. At the date of this exchange Anchor Funding Services, LLC became a wholly owned subsidiary of BTHC.

The pro forma adjustments are based upon available information and certain assumptions that the merged Company believes are reasonable under the circumstances. The pro forma statements also reflect various transactions in connection with the merger of Anchor and BTHC including the issuance of 1,342,500 shares of preferred stock and the related proceeds and cost, issuance of stock options and stock warrants and compensation agreements. Anchor was charged an administrative fee from a related party for administrative services provided by the related party. The cost to replace these services can not be reasonably estimated, therefore; they are not reflected in this statement. The actual amounts could differ from these estimates.

The unaudited condensed pro forma financial information is for informational purposes only and is not necessarily indicative of the operating results of financial position that would be achieved had the acquisition been consummated on the dates indicated and should not construed as representative of future results of operations or financial position. The pro forma results should be read in conjunction with the financial statements and notes thereto in the Company's Form 10-SB for the year ended December 31, 2006.

ANCHOR FUNDING SERVICES, INC.
PRO-FORMA
UNAUDITED CONDENSED BALANCE SHEET
December 31, 2006

	Historicals				
	Anchor Funding Services, LLC	BTHC XI, INC.		Pro-Forma Adjustments	Pro-Forma Balance Sheet
ASSETS					
CURRENT ASSETS:					
Cash	$ 49,501	$ 6,270	(2)	$ 5,546,249	$ 5,602,020
Retained interest in purchased accounts receivable	473,092	0		0	473,092
Prepaid expenses	41,134	0	(2)	(35,187)	5,947
)					
Total current assets	563,727	6,270		5,511,062	6,081,059
PROPERTY AND EQUIPMENT, net	4,010	0		0	4,010
	$ 567,737	$ 6,270		$ 5,511,062	$ 6,085,069
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Due to financial institution	$ 44,683	$ 0		$ 0	$ 44,683
Deferred income taxes	0	0	(3)	18,500	0
			(3)	(18,500)	
Accounts payable	39,218	0	(2)	(35,187)	4,031
Due to related company	21,472	0		0	21,472
Accrued payroll and related taxes	37,796	0		0	37,796
Accrued expenses	0	0	(1)	50,000	50,000
Total current liabilities	143,169	0		14,813	157,982
MEMBERS' EQUITY	424,568	0	(1)	(424,568)	0
PREFERRED STOCK	0	0	(2)	6,712,500	6,712,500
COMMON STOCK	0	3,795	(1)	8,000	11,795
ADDITIONAL PAID IN CAPITAL - Equity Issuance Fees	0	(75,000)	(1)	(50,000)	(1,353,946)
			(2)	(1,228,946)	
ADDITIONAL PAID IN CAPITAL - Common Stock	0	79,580	(1)	416,568	496,148
ADDITIONAL PAID IN CAPITAL - Stock Warrants	0	0	(2)	62,695	62,695
)					
ACCUMULATED DEFICIT	0	(2,105)		))	(2,105))
Total stockholders' equity	424,568	6,270		5,496,249	5,927,087
	$ 567,737	$ 6,270		$ 5,511,,062	$ 6,085,069

(1) To record the exchange of 8,000,000 common shares of BTHC XI, Inc. stock for 100,000 membership units of Anchor Funding Services, LLC and to accrue the estimated costs ($50,000) of registering the shares of Anchor Funding Services, Inc.

The members' equity of Anchor Funding Services, LLC must be replaced with common stock and additional paid in capital. The number of shares issued was 8,000,000; the par value of those shares was $.01 requiring an increase to common stock of $8,000. The difference between $424,568 (Anchor Funding Services, LLC equity amount) less $8,000 results in an increase of $416,568 to additional paid in capital - common stock.

(2) To record the sale of 1,342,500 shares of Preferred Stock (gross proceeds $6,712,500) and related placement agent fees ($949,050 cash), warrants to purchase 1,342,500 shares of common stock at fair value issued to placement agent ($62,695), legal fees ($177,853), blue sky fees ($39,348) and to remove accrued/prepaid legal fees ($35,187) related to this issuance that were paid on January 31, 2007.

Cash received is computed as follows:	
Gross proceeds	$ 6,712,500

Placement agent fees	(949,050)
Legal fees	(177,853)
Blue sky fees	(39,348)
	$ 5,546,249

Additional paid in capital - equity issuance fees are computed as follows:	
Placement agent fees-cash	(949,050)
Placement agent fees-warrants	(62,695)
Legal fees	(177,853)
Blue sky fees	(39,348)
	($1,228,946)

Additional paid in capital - stock warrants are computed as follows:	
Placement agent common stock warrants issued	1,342,500
Value per warrant	0.0462
	$ 62,695

The following information was input into a Black Scholes option pricing model to compute a per option price of $.0462:	
Exercise price	$ 1.10
Term	5 years
Volatility	2.5
Dividends	0%
Discount rate	4.70%

(3) . There are no significant permanent or temporary differences between net income before income taxes and taxable income. Management used 34% as a tax rate for this computation.

The taxable loss of approximately $54,000 for 2006 is being carried forward to offset future taxable income. The amount of this deferred tax asset ($18,500) is reduced by a valuation allowance of the same amount because management is uncertain if this net operating loss will be used before its expiration.

ANCHOR FUNDING SERVICES, INC.
PRO-FORMA
UNAUDITED CONDENSED STATEMENT OF OPERATIONS
For the year ended December 31, 2006

	Historicals				Pro-Forma
	Anchor Funding Services, LLC	BTHC XI, INC.		Pro-Forma Adjustments	Statement of Operations
FINANCE REVENUES	$ 569,285	$ 0		$ 0	$ 569,285
INTEREST EXPENSE, net - financial institution	(134,231)	0		0	(134,231)
INTEREST EXPENSE, net - related parties	(59,364)	0		0	(59,364)
NET FINANCE REVENUES	375,690	0		0	375,690
PROVISION FOR CREDIT LOSSES	0	0		0	0
FINANCE REVENUES, NET OF INTEREST EXPENSE AND CREDIT LOSSES	375,690	0		0	375,690
OPERATING EXPENSES	223,336	2,105	(1)	205,000	430,441
NET INCOME (LOSS) BEFORE INCOME TAXES	152,354	(2,105)		(205,000)	(54,751)
INCOME TAX (PROVISION) BENEFIT					
Current	0	0		0	0
Deferred	0	0	(2)	18,500	18,500
			(2)	(18,500)	(18,500)
Total	0	0		0	0
NET INCOME (LOSS)	$ 152,354	($2,105)		($205,000)	($54,751)
Deemed dividend on convertible preferred stock	-	-	(3)	(537,000)	(537,000)
NET INCOME (LOSS) attributed to common stockholder	$ 152,354	($2,105)		($742,000)	$ (591,751)
NET EARNING (LOSS) attributed to common stockholders, per share					
Basic	$ 1.52	($0.00)		-	($0.17)
Dilutive	$ 1.52	($0.00)		-	($0.06)
WEIGHTED AVERAGE SHARES OUTSTANDING-					
Basic	100,000	3,540,911		-	3,562,829
Dilutive	100,000	3,540,911		-	10,275,329

(1) To record compensation for 2006 to the President ($205,000). No amount was recorded for this in the historical financial statements. The amount recorded agrees with the first year compensation in the President's employment agreement executed on January 31, 2007.

(3) There are no significant permanent or temporary differences between net income before income taxes and taxable income. Management used 34% as a tax rate for this computation.

The taxable loss of approximately $54,000 for 2006 is being carried forward to offset future taxable income. The amount of this deferred tax asset ($18,500) is reduced by a valuation allowance of the same amount because management is uncertain if this net operating loss will be used before its expiration.

To reflect dividends on the 8% convertibly preferred stock. (8% times $6,712,500)

ANCHOR FUNDING SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2007	December 31, 2006
CURRENT ASSETS:		
Cash	$ 5,223,072	$ 55,771
Retained interest in purchased accounts receivable	570,895	473,092
Due from financial institution	86,162	-
Prepaid expenses	26,109	41,134
Total current assets	5,906,238	569,997
PROPERTY AND EQUIPMENT, net	4,162	4,010
	$ 5,910,400	$ 574,007

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Due to financial institution	$ -	$ 44,683
Accounts payable	3,878	39,218
Due to related company	12,030	21,472
Accrued payroll and related taxes	79,827	37,796
Accrued expenses	26,587	-
Total current liabilities	122,322	143,169
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY	-	424,568
PREFERRED STOCK	6,662,500	-
COMMON STOCK	11,795	3,795
ADDITIONAL PAID IN CAPITAL - equity issuance fees	(1,317,436)	(75,000)
ADDITIONAL PAID IN CAPITAL - common stock	496,148	79,580
ADDITIONAL PAID IN CAPITAL - stock warrants	62,228	-
ADDITIONAL PAID IN CAPITAL - stock options, net of tax benefit of $15,000	30,984	-
ACCUMULATED DEFICIT	(158,141)	(2,105)
	5,788,078	430,838
	$ 5,910,400	$ 574,007

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended March 31, 2007 and 2006

	2007	2006
FINANCE REVENUES	$ 73,977	$ 240,877
INTEREST EXPENSE - financial institution	(4,170)	(64,518)
INTEREST INCOME	28,945	986
INTEREST EXPENSE, net - related parties	-	(18,915)
NET FINANCE REVENUES	98,752	158,430
PROVISION FOR CREDIT LOSSES	-	-
FINANCE REVENUES, NET OF INTEREST EXPENSE AND CREDIT LOSSES	98,752	158,430
OPERATING EXPENSES	269,788	59,685
NET INCOME (LOSS) BEFORE INCOME TAXES	(171,036)	98,745
INCOME TAX (PROVISION) BENEFIT:		
Current	-	-
Deferred	15,000	-
Total	15,000	-
NET INCOME (LOSS)	(156,036)	98,745
DEEMED DIVIDEND ON CONVERTIBLE PREFERRED STOCK	(1,460)	-
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDER	($157,496)	$ 98,745
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDER, per share		
Basic	($0.02)	$ 0.99
Dilutive	($0.02)	$ 0.99
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	9,064,999	100,000
Dilutive	7,498,220	100,000

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the three months ended March 31, 2007

	Members' Equity	Preferred Stock	Common Stock	Additional Paid in Capital, equity issuance fees	Additional Paid in Capital, common stock	Additional Paid in Capital, stock warrants	Additional Paid in Capital, stock options	Accumulated Deficit
Beginning Balance, December 31, 2006	$ 424,568	$ -	$ 3,795	($75,000)	$ 79,580	$ -	$ -	($2,105)
To record the exchange of 8,000,000 common shares of BTHC XI, Inc. stock for 100,000 membership units of Anchor Funding Services, LLC.	(424,568)	-	8,000	-	416,568	-	-	-
To record issuance of 1,332,500 shares of convertible preferred stock and related costs of raising this capital.	-	6,662,500	-	(1,242,436)	-	62,228	-	-
To record the issuance of 1,960,000 in stock options.	-	-	-	-	-	-	30,984	-
Net loss for the quarter ended March 31, 2007.	-	-	-	-	-	-	-	(156,036)
Ending Balance, March 31, 2007	$ -	$ 6,662,500	$ 11,795	($1,317,436)	$ 496,148	$ 62,228	$ 30,984	($158,141)

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2007 and 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	2007	2006
Net income (loss):	($156,036)	$98,745
Adjustments to reconcile net income (loss) to net cash		
used in operating activities:		
Depreciation and amortization	1,606	1,560
Compensation expense related to issuance of stock options	45,984	-
Benefit for income taxes	(15,000)	-
Increase in retained interest in purchased accounts receivable	(97,803)	(847,232)
Decrease in prepaid expenses	15,025	5,002
(Decrease) increase in accounts payable	(35,340)	1,583
Decrease in due to related company	(9,442)	-
Increase in accrued payroll and related taxes	42,031	6,746
Increase in accrued expenses	26,587	-
Net cash used in operating activities	(182,388)	(733,596)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,758)	(1,006)
Loans to related company	-	(36,894)
Net cash used in investing activities	(1,758)	(37,900)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments to) borrowings from financial institution, net	(130,845)	706,663
Borrowings from subordinated related party demand notes payable	-	129,401
Proceeds from sale of preferred stock	6,662,500	-
Payments made related to sale of preferred stock	(1,180,208)	-
Net cash provided by financing activities	5,351,447	836,064
INCREASE IN CASH	5,167,301	64,568
CASH, beginning of period	55,771	30,240
CASH, end of period	$ 5,223,072	$ 94,808

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, INC

NOTES TO FINANCIAL STATEMENTS

March 31, 2007 and 2006

1. BACKGROUND AND DESCRIPTION OF BUSINESS:

The consolidated financial statements include the accounts of BTHC XI, Inc. and its wholly owned subsidiary, Anchor Funding Services, LLC ("the Company"). In April of 2007, BTHC XI, Inc. changed its name to Anchor Funding Services, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

BTHC XI, Inc. is a Delaware corporation. BTHC XI, Inc. has no operations; substantially all operations of the Company are the responsibility of Anchor Funding Services, LLC.

Anchor Funding Services, LLC is a North Carolina limited liability company. Anchor Funding Services, LLC was formed for the purpose of providing factoring and back office services to businesses located throughout the United States of America.

On January 31, 2007, BTHC XI, Inc acquired Anchor Funding Services, LLC by exchanging shares in BTHC XI, Inc. for all the outstanding membership units of Anchor Funding Services, LLC (See Note 8). Anchor Funding Services, LLC is considered the surviving entity therefore these financial statements include the accounts of BTHC XI, Inc. and Anchor Funding Services, LLC since January 1, 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenue is recognized when the fee is earned and consists primarily of transaction and time-based fees. Non-refundable transaction fees are charged when the Company purchases an accounts receivable. Time-based fees are charged until the Company collects the purchased accounts receivable. The amount charged as transaction and time-based fees is specified in each customer's factoring and security agreement and these amounts can vary between customers.

The term of the factoring and security agreement is one year, unless terminated in writing by the customer sixty days prior to the agreement's anniversary date. Since the agreement is not long-term in nature, the Company records the non-refundable transaction fee as revenue at the time of purchase.

Retained Interest in Purchased Accounts Receivable - Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account. The Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable.

Management did not consider any of the March 31, 2007 and December 31, 2006 retained interest in purchased accounts receivable uncollectible based on their analysis of the portfolio.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because the majority of these invoices have been subsequently collected.

Property and Equipment - Property and equipment, consisting primarily of computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method. Estimated useful lives range from 2 to 5 years.

Advertising Costs - The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $31,700 and $15,700 for the quarters ending March 31, 2007 and 2006, respectively.

Earnings per Share - The Company computes net income per share in accordance with SFAS No. 128 "Earnings Per Share." Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Dilutive net income per share includes the potential impact of dilutive securities, such as convertible preferred stock, stock options and stock warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price.

Stock Based Compensation until December 31, 2005 - In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 123(R), "Accounting for Stock-Based Compensation." SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this statement were effective for the first interim reporting period that began after December 15, 2005. The Company adopted the provisions of SFAS No.123(R) in the first quarter of fiscal 2006.

See Note 9 for the SFAS No. 123(R) impact on the operating results for the quarter ended March 31, 2007. The adoption of SFAS No. 123(R) had no impact on the Company's operating results for the three months ended March 31, 2006.

Recent Accounting Pronouncements - In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "*Fair Value Measurements*." SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition.

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 108 ("SAB 108"), *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. SAB 108 provides additional guidance for the quantitative assessment of the materiality of uncorrected misstatements in current and prior years. The assessment for materiality should be based on the amount of the error relative to both the current year income statement and balance sheet. For misstatements originating in prior years that are deemed material to the current year financial statements, SAB 108 permits recording the effect of adopting this guidance as a cumulative effect adjustment to retained earnings. During the fourth quarter of 2006, the Company adopted SAB 108 and it did not have a significant impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115.* SFAS 159 provides companies with an option to report selected financial assets and liabilities at estimated fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment to SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new election date occurs, and must be applied to the entire instrument and not to only a portion of the instrument.

SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of the fiscal year, has not yet issued financial statements for any interim period of such year, and also elects to apply the provisions of SFAS No. 157. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition.

Fair Value of Financial Instruments - The carrying value of cash equivalents, retained interest in purchased accounts receivable, due from/to financial institution, accounts payable and accrued liabilities approximates their fair value.

Cash and cash equivalents - Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Income Taxes - Effective January 31, 2007, the Company became a "C" corporation for income tax purposes. In a "C" corporation income taxes are provided for the tax effects of transactions reported in the financial statements plus deferred income taxes related to the differences between financial statement and taxable income.

The primary difference between financial statement and taxable income for the Company is net operating loss carryforwards. The deferred tax asset represents the future tax return consequences of utilizing this net operating loss. Deferred tax assets are reduced by a valuation reserve, when management is uncertain if the net operating loss carryforwards will ever be utilized.

Prior to January 31, 2007, Anchor Funding Services, LLC was treated as a partnership for Federal and state income tax purposes. Its earnings and losses were included in the personal tax returns of its members; therefore, no provision or benefit from income taxes has been included in those financial statements.

3. RETAINED INTEREST IN PURCHASED ACCOUNTS RECEIVABLE:

Retained interest in purchased accounts receivable consists of the following:

	March 31, 2007	December 31, 2006
Purchased accounts receivable outstanding	$ 702,506	$ 614,034
Reserve account	(141,638)	(172,779)
	560,868	441,255
Earned but uncollected fee income	10,027	31,837
	$ 570,895	$ 473,092

Total accounts receivable purchased were approximately $1,695,000 and $5,354,000 for the quarters ended March 31, 2007 and March 31, 2006, respectively.

Retained interest in purchased accounts receivable consists of United States companies in the following industries:

Industry	March 31, 2007	December 31, 2006
Staffing	$ 521,594	$ 397,061
Transportation	(10,938)	(52,854)
Publishing	-	45,971
Construction	-	26,591
Service	29,763	14,951
Other	20,449	9,535
	$ 560,868	$ 441,255

4. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	March 31, 2007	December 31, 2006
Furniture and fixtures	$ 1,986	$ 1,235
Computers and software	16,538	15,531
	18,524	16,766
Less accumulated depreciation	(14,362)	(12,756)
	$ 4,162	$ 4,010

5. DUE FROM/TO FINANCIAL INSTITUTION:

The Company has an agreement with a financial institution under which the institution finances their purchased accounts receivable. The institution receives a fee of .3 percent of the receivables financed plus interest as described below. This agreement expires September 2007 and will automatically renew for one year unless either party provides a written termination notice sixty days in advance of the termination date.

Borrowings are made at the request of the Company. The amount eligible to be borrowed is the lower of $1,000,000 or a borrowing base formula as defined in the agreement. The interest on borrowings is paid monthly at a rate ranging from the institution's prime rate plus 1% to 12.75%.

As of March 31, 2007, the financial institution had collected more cash from previously factored receivables than was loaned to fund current factored receivables. The excess collected is recorded as a receivable from the financial institution.

The agreement is collateralized by all current and future Company assets and is guaranteed by the Company's majority shareholders.

The agreement requires the Company to maintain a specified level of tangible net worth. As of March 31, 2007 and December 31, 2006, the Company was in compliance with all terms of this agreement.

6. CAPITAL STRUCTURE:

The Company's capital structure consists of preferred and common stock as described below:

Preferred Stock - The Company is authorized to issue 10,000,000 shares of $.001 par value preferred stock. The Company's Board of Directors determines the rights and preferences of its preferred stock.

On January 31, 2007, the Company filed a Certificate of Designation with the Secretary of State of Delaware. Effective with this filing, 2,000,000 preferred shares became Series 1 Convertible Preferred Stock. Series 1 Convertible Preferred Stock will rank senior to Common Stock.

Series 1 Convertible Preferred Stock is convertible into 5 shares of the Company's Common Stock. The holder of the Series 1 Convertible Preferred Stock has the option to convert the shares to Common Stock at any time. Upon conversion all accumulated and unpaid dividends will be paid as additional shares of Common Stock.

The dividend rate on Series 1 Convertible Preferred Stock is 8%. Dividends are paid annually on December 31st in the form of additional Series 1 Convertible Preferred Stock unless the Board of Directors approves a cash dividend. Dividends on Series 1 Convertible Preferred Stock shall cease to accrue on the earlier of December 31, 2009, or on the date they are converted to Common Shares. Thereafter, the holders of Series 1 Convertible Preferred Stock have the same dividend rights as holders of Common Stock, as if the Series 1 Convertible Preferred Stock had been converted to Common Stock.

Common Stock - The Company is authorized to issue 40,000,000 shares of $.001 par value Common Stock. Each share of Common Stock entitles the holder to one vote at all stockholder meetings. Dividends on Common Stock will be determined annually by the Company's Board of Directors.

The changes in Series 1 Convertible Preferred Stock and Common Stock shares for the three months ended March 31, 2007 is summarized as follows:

	Series1Convertible Preferred Stock	Common Stock
Beginning Balance, December 31, 2006	-	3,820,555
Shares issued in exchange for the membership units of Anchor Funding Services, LLC	-	8,000,000
Shares issued in connection with sale of Series 1 Convertible Preferred Stock	1,332,500	-
Ending Balance, March 31, 2007	1,332,500	11,820,555

7. RELATED PARTY TRANSACTIONS:

Due from/to Related Company - Prior to December 31, 2006, the Company had borrowing and loan transactions with a limited liability company (LLC) related through common ownership. These amounts were unsecured, interest bearing (at 10 percent), and payable on demand. During the quarters ended March 31, 2007 and 2006, the Company recorded the following interest income (expense) amounts related to this activity:

	March 31, 2007	March 31, 2006
Income	$ -	$ 2,368
(Expense)	-	(21,283)
	$ -	(18,915)

Administrative Charges - The Company uses the administrative staff and facilities of the LLC referred to above (See Note 14). The services provided by the LLC consist primarily of rent, credit, collection, invoicing, payroll and bookkeeping. The Company pays the LLC a fee for these services. The fee is computed as a percentage of accounts receivable purchased by the Company. The administrative fee charged by the LLC was $6,800 and $7,700 for the quarters ended March 31, 2007 and 2006, respectively.

8. EXCHANGE TRANSACTION:

On January 31, 2007, Anchor Funding Services, LLC and its members entered into a Securities Exchange Agreement with BTHC XI, Inc. The members namely, George Rubin, Morry Rubin ("M. Rubin") and Ilissa Bernstein exchanged their units in Anchor Funding Services, LLC for an aggregate of 8,000,000 common shares of BTHC XI, Inc. issued to George Rubin (2,400,000 shares), M. Rubin (3,600,000 shares) and Ilissa Bernstein (2,000,000 shares). Upon the closing of this transaction Anchor Funding Services, LLC became a wholly-owned subsidiary of BTHC XI, Inc.

At the time of this transaction, BTHC XI, Inc. had no operations and no assets or liabilities. After this transaction the former members of Anchor Funding Services, LLC owned approximately 67.7% of the outstanding common stock of BTHC XI, Inc.

9. EMPLOYMENT AND STOCK OPTION AGREEMENTS:

At closing of the exchange transaction described above, M. Rubin and Brad Bernstein ("B. Bernstein"), the husband of Ilissa Bernstein and President of the Company, entered into employment contracts and stock option agreements with the BTHC XI, Inc. Additionally, at closing two non-employee directors entered into stock option agreements with BTHC XI, Inc.

The following summarizes M. Rubin's employment agreement and stock options:

- The employment agreement with M. Rubin retains his services as Co-chairman and Chief Executive Officer for a three-year period.

- An annual salary of $1 until, the first day of the first month following such time as BTHC XI, Inc. shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, M. Rubin's base salary shall be adjusted to an amount, to be mutually agreed upon between M. Rubin and BTHC XI, Inc., reflecting the fair value of the services provided, and to be provided, by M. Rubin taking into account (i) his position, responsibilities and performance, (ii) BTHC XI, Inc.'s industry, size and performance, and (iii) other relevant factors. M. Rubin is eligible to receive annual bonuses as determined by BTHC XI, Inc.'s compensation committee. M. Rubin shall be entitled to a monthly automobile allowance of $1,500.

- 10-year options to purchase 650,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or M. Rubin is terminated without cause or M. Rubin terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of M. Rubin's voluntary termination or by BTHC XI, Inc. without cause.

The following summarizes B. Bernstein's employment agreement and stock options:

- The employment agreement with B. Bernstein retains his services as President for a three-year period.

- An annual salary of $205,000 during the first year, $220,000 during the second year and $240,000 during the third year and any additional year of employment. The Board may periodically review B. Bernstein's base salary and may determine to increase (but not decrease) the base salary in accordance with such policies as BTHC XI, Inc. may hereafter adopt from time to time. B. Bernstein is eligible to receive annual bonuses as determined by BTHC XI, Inc.'s compensation committee. B. Bernstein shall be entitled to a monthly automobile allowance of $1,000.

- 10-year options to purchase 950,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or B. Bernstein is terminated without cause or B. Bernstein terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of B. Bernstein's voluntary termination or by BTHC XI, Inc. without cause.

The following summarizes the non-employee stock option agreements entered into with two directors:

- 10-year options to purchase 360,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009. If either director ceases serving BTHC XI, Inc. for any reason, all unvested options shall terminate immediately and all vested options must be exercised within 90 days after the director ceases serving as a director.

The following table summarizes information about stock options as of March 31, 2007:

Exercise price	Number of Outstading	Weighted Average Remaining Contractual Life	Number Exercisable
$1.25	1,960,000	10 years	653,000

BTHC XI, Inc. will record the issuance of these options as of March 31, 2007 in accordance with SFAS No. 123(R). The following information was input into a Black Scholes option pricing model to compute a per option price of $.0468:

Exercise price	$ 1.25
Term	10 years
Volatility	2.5
Dividends	0%
Discount rate	4.75%

The financial effect of these options recorded in the March 31, 2007 financial statements was as follows:

Options to value		1,960,000
Option price	$	0.0468
		1,960,000
Value of unvested options		(45,744)
Pre-tax effect		1,914,256
Tax benefit (34%)		(650,212)
After-tax effect	$	1,264,044

The pre-tax effect recorded in the financial statements for the quarter ending March 31, 2007 consists of $41,900 in fully vested stock options and a provision of $4,184 to record two months of the unvested portions of stock options that will eventually vest on February 28, 2008 and 2009.

10. SALE OF CONVERTIBLE PREFERRED STOCK:

From approximately February 1, 2007 to March 31, 2007 the Company sold 1,332,500 shares of convertible preferred stock to accredited investors. The gross proceeds, transaction expenses and net proceeds of these transactions were as follows:

Gross proceeds	$	6,662,500
Cash fees:		
Placement agent		(942,050)
Legal and accounting		(198,810)
Blue sky		(39,348)
Net cash proceeds	$	5,482,292
Non-cash fees:		
Placement agents fees - warrants		(62,228)
Net proceeds	$	5,420,064

The placement agent was issued warrants to purchase 1,332,500 shares of the Company's common stock. The following information was input into a Black Scholes option pricing model to compute a per option price of $.0462:

Exercise price	$1.10
Term	5 years
Volatility	2.5
Dividends	0%
Discount rate	4.70%

The following table summarizes information about stock warrants as of March 31, 2007:

Exercise price	Number of Outstading	Weighted Average Remaining Contractual Life	Number Exercisable
$1.10	1,332,500	5 years	1,332,500

11. CONCENTRATIONS:

Revenues - During the quarters ending March 31, 2007 and March 31, 2006, the Company recorded revenues from United States companies in the following industries:

Industry	March 31, 2007	March 31, 2006
Staffing	$60,461	$33,353
Transportation	5,385	35,758
Publishing	590	6,269
Construction	1,689	160,182
Service	2,756	4,233
Other	3,096	1,082
	$ 73,977	$ 240,877

Major Customers - The Company had the following transactions and balances with unrelated customers (5 in quarter ending March 31, 2007 and 2 in quarter ending March 31, 2006) which represent 10 percent or more of its revenues for the quarters ending March 31, 2007 and 2006 as follows:

			For the quarter ended March 31, 2007		
Revenues	$ 11,867	$ 13,049	$ 13,644	$ 8,373	$ 11,234
			As of March 31,2007		
Purchased accounts receivable outstanding	$ 112,571	$ 189,323	$ 179,103	$ 92,269	$ -

		For the quarter ended March 31, 2006	
Revenues		$ 160,182	$ 30,170
		As of March 31,2006	
Purchased accounts receivable outstanding		$ 1,508,825	$ 333,827

Cash - The Company maintains cash deposits with a bank. At various times throughout the year, these balances exceeded the federally insured limit of $100,000.

12. SUPPLEMENTAL DISCLOSURES OF CASH FLOW:

Cash paid for interest for the quarters ended March 31, 2007 and 2006 was $4,100 and $63,500, respectively.

Non-cash financing and investing activities consisted of the following:

8,000,000 shares of common stock were issued in exchange for 100,000 membership units of Anchor Funding Services, LLC (see Note 8).

1,960,000 stock options were issued to the Company's President, CEO and two non-employee directors (see Note 9).

1,332,500 stock warrants were issued to the placement agent handling the sale of the Company's convertible preferred stock (see Note 10).

13. INCOME TAXES:

The income tax benefit for the quarter ending March 31, 2007 consists of the change in deferred income taxes related to the issuance of stock options (See Note 9). There is no current income tax liability for the period.

The net operating loss carryforward generated in the quarter ending March 31, 2007 was approximately $125,000. The deferred tax asset related to this net operating loss carryforward is approximately $42,000. This deferred tax asset has been reduced by a $42,000 valuation allowance. Management is uncertain if this net operating loss will ever be utilized, therefore it has been fully reserved.

14. SUBSEQUENT EVENTS:

Sale of Convertible Preferred Stock - In April 2007, the Company sold 10,000 shares of Series 1 Convertible Preferred Stock for $50,000. Placement agent fees related to this transaction consisted of $7,000 in cash and 10,000 warrants to purchase to common stock. The terms of these stock warrants are the same as those in Note 10.

Facility Leases - In May 2007, the Company executed lease agreements for office space in Charlotte, NC and Boca Raton, FL. Both lease agreements are with unrelated parties.

The Charlotte lease is effective on June 1, 2007, is for a twenty-four month term and includes an option to renew for an additional three year term at substantially the same terms. The monthly rental is approximately $1,500.

The Boca Raton lease is expected to be effective on July 1, 2007 and is for a sixty-one month term. The monthly rental is approximately $8,300.

Administrative Charge by Related Company - In connection with the Company's relocation to their Charlotte, NC facility, the Company is no longer using the administrative services of the related company discussed in Note 7. All amounts due to the related company by the Company were paid as of May 31, 2006.

PART III

Item 1. Index to Exhibits

The following exhibits are all previously filed, unless otherwise noted.

2.1	Exchange Agreement
3.1	Certificate of Incorporation-BTHC,INC.
3.2	Certificate of Merger of BTHC XI, LLC into BTHC XI, Inc.
3.3	Certificate of Amendment
3.4	Designation of Rights and Preferences-Series 1 Convertible Preferred Stock
3.5	Amended and Restated By-laws
4.1	Form of Placement Agent Warrant issued to Fordham Financial Management
10.1	Directors' Compensation Agreement-George Rubin
10.2	Employment Contract-Morry F. Rubin
10.3	Employment Contract-Brad Bernstein
10.4	Agreement-Line of Credit
10.5	Fordham Financial Management-Consulting Agreement
10.6	Facilities Lease - Florida *
10.7	Facilities Lease - North Carolina *
99.1	2007 Omnibus Equity Compensation Plan
99.2	Form of Non-Qualified Option under 2007 Omnibus Equity Compensation Plan

* Filed herewith.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

ANCHOR FUNDING SERVICES, INC.

Date: July 3, , 2007

By: /s/ Brad Bernstein

Name: Brad Bernstein
Title: President & Chief Financial Officer

LEASE
BETWEEN
BOCA TOWN PARTNERS, LLC,
a Florida limited liability company

AS LANDLORD

AND

ANCHOR FUNDING SERVICES, LLC

AS TENANT

FOR APPROXIMATELY 2,875 RENTABLE SQUARE FEET

LOCATED IN

800 Yamato Road, Boca Raton, Florida 33431

April 16, 2007

LEASE INDEX

.

SCHEDULE OF EXHIBITS

LEASE

THIS LEASE **("Lease")** is made as of the 16 day of April, 2007, between Boca Town Partners, LLC, a Florida limited liability company **("Landlord"),** and Anchor Funding Services, LLC, a North Carolina limited liability company **("Tenant").**

WITNESSETH:

SUMMARY OF LEASE PROVISIONS

SECTION I. BASIC DATA.

Certain fundamental provisions of this Lease are presented in this summary format in this Section I to facilitate convenient reference by the parties hereto. All references in this Lease to the following terms shall be accorded the meanings or definitions given in this Section, as though such meaning or definition were fully set forth throughout the text hereof, unless such meanings are expressly modified, limited or expanded elsewhere in this Lease. This Section, together with the terms herein referenced, shall constitute an integral part of this Lease.

1.1**"Alteration"** shall mean any improvements, changes or alterations in or about the Premises.

1.2 **"Approvals"** shall mean any and all approvals, permits and variances required for Tenant's occupancy and use of the Premises for the Usc (as defined herein)permitted hereunder from all governmental or quasi-governmental authorities and third parties (whether private or public) having authority pursuant to law or otherwise to approve Tenant's use and occupancy of the Premises.

1.3**"B.O.M.A."** shall mean the standard method of floor measurement as published by the Builders, Owners and Managers Association International Reprint, May 1981, ANSIZ 65,1-1980, and approved July 31, 1980 by the American National Standards Institute, Inc,

1.4 **"Building"** shall mean the building located on the Building Land. The current address of the Building is **800 Yamato Road, Boca Raton, Florida** 33431. The Building consists of approximately **49,890** S.F.

1.5**"Building Land"** shall mean that certain real property more particularly described on **Exhibit "A"**attached hereto and made a part hereof.

1.6**"Building Permit"** shall mean all necessary building permits and other governmental approvals for the performance of Tenant's Work.

1.7**"Business Days"** shall mean all days, except Sundays, New Year's Day, President's Day, Memorial Day, Independence Day, Christmas Day, Labor Day and Thanksgiving.

1.8 **"Commencement Date"** shall mean the date upon which Landlord tenders exclusive possession of the Premises to Tenant upon completion of interior improvements and issuance of all necessary governmental approvals and permits have been obtained and issued for Landlord's Work including a Certificate of Occupancy or Certificate of Completion. Tenant shall be able to enter the Premises no less than 30 days prior to Commencement Date to complete Tenant fit up and set up. Except if caused by Tenant change orders to Landlord's Work or by Tenant's negligence or intentional interference with the completion of Landlord's Work, in the event Landlord is unable to tender possession of the Premises to Tenant in accordance with the terms of this Lease on or before **June 1, 2007** (the **"Outside Delivery Date"),** then Tenant shall have the right to cancel this Lease upon thirty (30) days prior written notice to Landlord. Upon receipt of Tenant's written notice, Landlord shall thereafter have thirty (30) days from receipt of Tenant's written notice to deliver the Premises to Tenant with Landlord's Work substantially completed. In the event the Landlord fails to deliver the Premises to Tenant with Landlord's Work substantially completed within such thirty (30) day period, then this Lease shall terminate on the thirty (30^{th}) day from receipt of Tenant's written notice.

1.9 **"Common Areas"** shall mean the following areas: (i) any areas in the Building devoted to lobbies, hallways, elevators, rest rooms, janitorial closets, mailrooms, vending areas and other similar facilities provided for the common use or benefit of tenants generally and/or for the public located in the Building; (ii) portions of the Building used for mechanical rooms, electrical facilities, telephone closets, fire towers and building stairs; (iii) elevator shafts, vents, stacks, pipe shafts and vertical ducts, provided Tenant is not granted a license to utilize such areas; and (iv) those portions of the Building and/or the Building Land which arc provided and maintained for the common use and benefit of Landlord and tenants of the Building only and employees and invitees and licensees of Landlord and such tenants; including, without limitation, all atriums, walkways, parking areas, and all streets, sidewalks and landscaped areas comprising the Building Land.

1.10 **Fixed Annual Rent"** shall mean the base rent to be paid each and every Lease Year during the initial term which shall be as follows:

Lease Year 1- the sum of $24.00 times the Rentable Square Footage (2,875) of the Premises per Lease Year less the first months rent which shall be zero (S0.00) or a credit to the Tenant of $5,750.00; for a remaining amount due which equals **$63,250.00** per annum, payable in eleven equal monthly payments of **$5,750.00,** plus applicable Florida sales tax.

Lease Year 2 - the sum of **51.00** times the Rentable Square Footage (2,875) of the Premises per Lease Year; which equals **$69,000.00** per annum, payable in twelve equal monthly payments of **$5,750.00** plus applicable Florida sales tax.

Lease Year 3 - the sum of 523.00 times the Rentable Square Footage (2,875) of the Premises per Lease Year; which equals **$71,875.00** per annum, payable in twelve equal monthly payments of **$5,989.59,** plus applicable Florida sales tax.

Lease Year 4 - the sum of **121.00** times the Rentable Square Footage (2,875) of the Premises per Lease Year; which equals **$71,875.00** per annum, payable in twelve equal monthly payments of **$5, 989.58** plus applicable Florida sales tax.

Lease Year 5 - the sum of **M.50** times the Rentable Square Footage (2,875) of the Premises per Lease Year; which equals $73,312.50 per annum, payable in twelve equal monthly payments of **$6,109.38** plus applicable Florida sales tax.

Lease Month 61 subsequent to Lease Year 5 — the sum of $26.00 times the Rentable Square Footage (2,875) of the Premises per Lease Month; which equals $6.229.17, payable in one monthly payment of S 6,229.17 plus applicable Florida sales tax

1.11 **"Hazardous Substance"**shall mean any flammables, explosives, radioactive material, hazardous wastes, hazardous or toxic substances or related materials, asbestos or any material containing asbestos, or any other substance or material as defined in any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, the Hazardous Material Transportation Act, as amended, the Resource Conservation and Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, and in the regulations adopted in publications promulgated pursuant to each of the foregoing.

1.12 **"Landlord"** shall mean BOCA TOWN PARTNERS, LLC its grantees, successors and assigns.

1.13 **"Landlord's** Work" shall mean all work to be performed by Landlord to complete the Premises in substantial accordance with the approved interior space plans as delineated on **Exhibit "E".**

1.14 **"Lease Year"** shall mean each twelve (12)-month period beginning on the Rent Commencement Date and each anniversary thereof, provided the Rent Commencement Date is on the first day of a month. If the Rent Commencement Date falls on a day other than the first day of a month, then the first Lease Year shall begin on the first day of the calendar month next following the Rent Commencement Date. If the Rent Commencement Date falls on a day other than the first day of a month, then the Term shall be extended by the period of time **("Partial Lease Year")** from such Rent Commencement Date through the end of the calendar month in which the Rent Commencement Date falls.

1.15 **"Lease Month"** shall mean thirty days commencing on the first day after the last day of the last Lease Year and ending on the thirtieth day thereafter.

1.16 **"Material Alterations"** shall mean any alteration which: (i) is not limited solely to the interior of the Premises or in any other way affects the exterior of the Premises; or (ii) is structural or affects the strength of the Building; or (iii) affects the use of the mechanical, electrical, sanitary, heating, ventilating, air-conditioning or other services of the Building; or (iv) has an aggregate cost greater than Thirty Thousand Dollars ($30,000).

1.17 **"Normal Business Hours"** shall mean from 7:00 a.m. to 7:00 p.m. during all Business Days except Saturdays, and from 8:00 a.m. to 1:00 p.m. on Saturdays. Tenant to have access to Premises 24/7/365. Landlord shall provide a Key Card front door access system to the Common Area west entrance.

1.18 **"Notice Address":**

To Landlord at:	Boca Town Partners, LLC 800 Yamato Road, Suite 100 Boca Raton, Florida 33431 Attention: Lisa Clark , Senior V.P. of Finance Telephone: 561-226-3600 Fax: 561-226-3623 Email: lisa(a),nationsafedrivers.com
with a required simultaneous copy to:	SARAGA & LIPSHY, P.A. 201 N.E. First Avenue Delray Beach, Florida 33444 Attention: Robert S. Saraga, Esq. Telephone: 561- 330-0660 Fax: 561-330-0610 E-mail saraga@slpalaw.com
To Tenant at:	Anchor Funding Services, LLC 2201-E Crown Point Executive Drive Charlotte, North Carolina 28227 Telephone: 866-789-3863 Fax: 704-847-2259

1.19 **"Premises"** shall mean a portion of the first (1st) floor containing approximately 2,875 Rentable Square Feet, (subject to verification by Landlord's architect) substantially identified by labeling on the floor plans attached hereto and made a part hereof as **Exhibit "B",** containing a total of approximately 2,500 usable square feet and having an approximate common area loss factor of **15.0%** The Premises are designated as Suite 102.

1.20 "Project" means the Building Land, together with all improvements constructed thereon from time to time including, but not limited to, the Building and Common Areas. The Project is an office building referred to as **"BOCA TOWN PARTNERS PLAZA".**

1.21 **"Rentable** Area" or **"Rentable Square Footage"** shall mean the total rentable area (as it exists from time to time) based on the B.O.M.A. method. Rentable Area of the Premises means approximately 2,875 square feet and Rentable Area of the Building means approximately **49,890 square feet.**

1.22 **"Rent Commencement Date"** shall mean the date which is the same date as the Commencement Date.

1.23 **"Rent Payment Location"** shall mean 800 Yamato Road Suite 100 Boca Raton, Florida 33431 or such other location as Landlord may designate in writing from time to time.

1.24 **"Security Deposit"** The sum of SEVENTEEN THOUSAND TWO HUNDRED FIFTY **($17,250.M** DOLLARS representing two months gross rent which shall be paid by Tenant to Landlord upon execution of this Lease by Tenant, and which Landlord shall hold as Security Deposit herein. There are no personal guaranties under this Lease as the Tenant is a Public Company.

1.25 **"Site Plan"** shall mean the diagram of the land and improvements which will comprise the Project attached hereto and made a part hereof as **Exhibit** "C".

1.26 **"Specified Brokers"** shall mean Butters Realty and Management, LLC, representing the Landlord and Commet Realty representing the Tenant with commission to each to be paid by Landlord by separate agreement.

1.27 **"Stipulated Rate"** means interest at the rate of two percent (2%) per annum over the prime rate published from time to time by Bank of America (or similar institution if such rate ceases to be published) (which prime rate shall be its published prime rate and not necessarily the lowest rate charged to its most creditworthy customers).

1.28 **"Tenant"** shall mean **Anchor Funding Services,** LLC. and its permitted successors and permitted assigns.

1.29 **"Tenant Property"** shall mean all movable partitions, business and trade fixtures, machinery and equipment, computers, furniture, satellite dish(es), signage, communications equipment and office equipment, whether or not attached to or built into the Premises which are installed in the Premises by or for the account of Tenant and can be removed without structural damage to the Building and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises.

1.30 **"Tenant's Proportionate Share"** shall mean approximately **5.76^{11}/0** which is comprised of the rentable area (as defined in B.O.M.A.) of the Premises, divided by the total rentable area (as defined in B.O.M.A.) which is constructed in the Building.

1.31**"Tenant's Work"** shall mean all work to be performed by Tenant to complete the Premises in substantial accordance with the Tenant's Plans attached hereto as Exhibit

1.32 **"Term"**shall mean five (5) Lease Years plus one (1) Lease Month plus Partial Lease Year (if applicable) commencing on the Rent Commencement Date and ending at 11:59 p.m. on the last day of the Lease Month subsequent to the last Lease Year ("Expiration Date") or on such earlier date in which the Term of this Lease shall expire or be cancelled or terminated pursuant to any of the conditions or covenants of this Lease or pursuant to law.

1.33 **"Usable Area"** or "Usable **Square Footage"** shall mean the total usable area (as it exists from time to time) based on the B.O.M.A. method. Usable Area of the Premises means approximately **2,500** square feet, subject to adjustment as provided in Section 2 hereof.

1.34 **"Use"**shall mean general business office use which may include, but not be limited to, administrative office uses and all uses incidental thereto and for any other lawful use or purpose consistent with the character of a first-class office building. Tenant shall be permitted to use the Premises 24 hours per day, 365 days a year.

STANDARD PROVISIONS OF LEASE

SECTION 2. PREMISES.

Subject to the rent, terms and conditions herein set forth, Landlord hereby leases to Tenant and Tenant hereby rents from Landlord the Premises, subject to the terms and provisions of this Lease, to have and to hold for the Term, unless the Term shall be sooner terminated as hereinafter provided.

No less than thirty (30) days Prior to the Commencement Date, Tenant shall have the right, upon written notice to Landlord, to enter the Premises for purposes of preparing the Premises for the installation of furniture systems, telephone equipment and similar functions to facilitate Tenant's move in and start up of its business operations. The indemnification and hold harmless provisions provided for herein shall apply during such pre- move in period.

In addition, if prior to the Commencement Date Tenant shall determine that rentable square footage of the Premises is not large enough to accommodate Tenant's space planning needs, Tenant shall be permitted to request that additional contiguous space be added to the Premises. Any such expansion of the Premises shall be upon the same terms and conditions applicable to the Premises initially demised hereunder (including the Fixed Annual Rent and the Allowance) and the term of any such expansion space shall be coterminous with the term of the Premises initially demised hereunder. Any such expansion of the Premises pursuant to the terms of this paragraph shall be on the first (1st) floor only. In the event of any such expansion of the Premises pursuant to the terms of this paragraph, the parties shall enter into an amendment to this Lease adding such space to the Premises and the appropriate increases shall be made to the rentable square footage of the Premises, the Tenant's Proportionate Share and any other matter under this Lease that is a function of square footage shall also be adjusted accordingly.

Promptly upon the Commencement Date, Landlord shall, at Landlord's own expense, direct its architect (or engineer) to determine the actual Usable Area of the Premises and the Rentable Areas of the Premises and the Building and the Tenant's Proportionate Share (based on B.O.M.A. and showing in detail the method of calculation thereof) as actually constructed and certify the same to Tenant. In the event that the foregoing measurements as determined in good faith by Landlord's architect (or engineer) are greater or less than the square footage specified in Section 1 of this Lease, the Usable and Rentable Areas of the Premises and Tenant's Proportionate Share shall be adjusted to equal the amount so determined, and the Fixed Annual Rent and all other amounts specified in this Lease which are a function of the Usable Area or Rentable Area of the Premises and/or Building shall be adjusted accordingly.

In the event Tenant disagrees with the Landlord's architect's (or engineer's) determination of the Usable or Rentable Areas of the Premises or Building, Tenant shall have the right to obtain a good faith determination of the measurement in question by an architect (or engineer) of its choosing. If' the determinations of the measurement in question by the architects (or engineers) of the respective parties differ, the architects (or engineers) shall each be provided with a copy of the other party's architect's (or engineer's) determination. The two (2) architects (or engineers) shall have fourteen (14) days from delivery of the other party's architect's (or engineer's) determination to agree or to select a mutually agreeable third architect (or engineer). Such third architect (or engineer) shall have thirty (30) days from the date he is selected to make such independent measurements and investigation as he deems reasonable and necessary and to deliver to the parties a written determination. The determination of such third architect or engineer will be final, binding and non-appealable. Each party shall bear the cost and fees of its architect (or engineer), and both parties shall equally divide the costs and fees of the third architect (or engineer). If the architects (or engineers) of the respective parties fail to agree yet do not appoint a third architect (or engineer) within the time provided, then either party may request that the then President of Palm Beach County Institute of Architects (or its successor organization) appoint such third architect (or engineer). If Palm Beach County does not have a chapter of the American Institute of Architects, then either party may request the Chief Judge of the Circuit Court of Palm Beach County, Florida appoint such third architect or engineer. If the parties have not agreed upon the Rentable Area of the Premises, prior to the Rent Commencement Date, Tenant shall pay Fixed Annual Rent during the period prior to the final determination in an amount calculated using the Landlord's architect's (or engineer's) determination of the Rentable Area of the Premises. Upon the final determination of the Rentable Area of the Premises, Tenant shall immediately pay any amounts which were due and not paid, or Landlord shall credit Tenant's account for any excess amounts previously paid, as the case may require. In addition, upon the final determination of the Rentable Area of the Premises, Landlord and Tenant shall enter into a Commencement Date Memorandum and Confirmation of Lease Terms. The form of which is attached hereto as Exhibit "K".

SECTION 3. TERM.

The Term shall commence on the Rent Commencement Date. Landlord shall deliver exclusive possession of the Premises to the Tenant on the Commencement Date.

SECTION 4. PERMITTED USE .

It is understood that the Premises are to he used solely for the purposes set forth in **Section 1** and for no other purposes. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business in the Premises, Tenant shall, at its expense, duly procure and thereafter maintain such license or permit and shall at all times comply with the terms and conditions of same. Tenant shall not at any time suffer the Premises to be used or occupied (a) in violation of (i) the Certificate of Occupancy for the Premises or for the Building, (ii) any of the provisions of this Lease, or (iii) zoning ordinances, and rules and regulations of governmental and quasi governmental authorities having jurisdiction. Landlord shall not lease any part of the Building for, or suffer or permit any part of the Building to be used for, any use other than uses which are consistent with and appropriate for a first-class office building. Landlord confirms that Tenant's indented use as a corporate office is an accepted use permitted by local governmental authorities.

SECTION5.FIXED ANNUAL RENT.

A. Tenant hereby covenants and agrees to pay to Landlord in lawful United States funds, together with any and all applicable sales and use taxes levied upon the use and occupancy of the Premises as set forth in **Section 6** the Fixed Annual Rent specified in **Section 1** payable in equal monthly installments in advance, beginning on the Rent Commencement Date and continuing on the first day of each and every calendar month thereafter during said Term. All forms of rent due under this Lease shall be paid to Landlord, without demand, setoff or deduction whatsoever, unless otherwise set forth herein, at the Rent Payment Location specified in **Section 1** or at such other place as Landlord shall designate in writing to Tenant.

Promptly upon the occurrence of the Rent Commencement Date, the parties shall execute an instrument confirming the Rent Commencement Date and the expiration date of the initial Term hereof, but the failure of any party to do so shall not release any of the parties from any of their obligations hereunder.

B. Any and all sums of money or charges, other than Fixed Annual Rent, required to be paid by Tenant under this Lease, whether or not the same be so designated, shall be considered "additional rent." Landlord shall have the same rights and remedies with respect to additional rent as with respect to Fixed Annual Rent. The term "Rent" is hereby defined to mean the Fixed Annual Rent and any additional rent payable by Tenant to Landlord under this Lease.

C. In the event any rental or other payment due Landlord hereunder shall not be paid within ten (10) days after the due date two (2) or more times in any Lease Year (or Partial Lease Year), on the third and each subsequent occasion in such Lease Year Tenant shall pay Landlord a late payment fee of three percent (3%) of the unpaid past due amount.

SECTION 6. SALES AND USE TAX .

Tenant hereby covenants and agrees to pay monthly to Landlord, as additional rent, any sales and use tax now or hereafter imposed upon the rents, use or occupancy of the Premises by the United States of America, the State of Florida, the County of Palm Beach or any political subdivision thereof, notwithstanding the fact that such statute, ordinance or enactment imposing the same may endeavor to impose the tax on Landlord.

SECTION 7. **REAL ESTATE TAXES AND ASSESSMENTS.**

(a) The term "Taxes" shall mean and include all ad valorem real estate taxes and general and special assessments which shall, beginning on the Commencement Date and continuing during the Lease Term, become due and payable with respect to the Project, other than any fine, penalty, cost or interest for any tax or assessment or part thereof which Landlord failed to timely pay (except if same are imposed by reason of Tenant's default hereunder).Landlord shall pay, prior to delinquency, all Taxes levied or assessed against the Project. Nothing contained in this Lease shall require Tenant to pay any estate, inheritance, succession, capital levy, corporate franchise, gross receipts, transfer or income tax of Landlord. References is made to the fact that, under the present system of real estate taxation in the State of Florida, the amount of real estate tax payable is discounted in varying amounts depending upon how soon after receipt of the tax bill such tax bill is paid. Tenant's share of the Taxes shall be calculated and paid based upon the highest available discount allowed under applicable law for early payment, except if Tenant fails to timely pay its share of such Taxes as required hereunder.

(b) The term "Taxes Applicable to the Premises" shall mean Tenant's Proportionate Share of all Taxes becoming due and payable in any tax year during the Term.

(c) Beginning on the Commencement Date and throughout the Term of this Lease, Tenant shall pay to Landlord, as additional rent, an amount equal to Tenant's Proportionate Share of Taxes Applicable to the Premises as reasonably estimated by Landlord annually. Landlord shalt provide Tenant prior to execution of this Lease a cost breakdown of the current operating expenses (see **Section 8)** and real estate taxes for the fiscal year 2006. Such payments shall be made in equal monthly installments along with Tenant's Proportionate Share of Operating Costs, as herein defined. Also, upon request of Tenant, Landlord shall provide Tenant with a copy of the receipted tax bill(s) for the immediately preceding calendar year.

(d) In the event that taxing authorities in the locality in which the Premises arc located include or calculate, in Taxes, the value of Tenant's machinery, equipment, trade fixtures, tools, stock in trade, inventory or other assets of Tenant, then, and in that event, Tenant shall pay all taxes on such items if such taxes are separately stated.

(e) Tenant shall also pay to Landlord as additional rent, Tenant's Proportionate Share of the reasonable costs and expenses paid or incurred by Landlord during each calendar year of the Lease Term for professional and other services (including, but not limited to, reasonable fees and expenses of consultants, attorneys, appraisers and experts) in connection with efforts which successfully lowered Taxes or successfully resisted increased Taxes; provided, however, in no event shall Tenant's Proportionate share of such costs and expenses exceed the amount of the savings. Such costs and expenses shall be determined in accordance with generally-accepted accounting principles and allocated to any particular calendar year on the accrual method of accounting. Tenant shall pay its Proportionate Share of such costs and expenses annually within thirty (30) days following receipt by Tenant of a statement therefor, and Tenant's Proportionate Share shall be prorated in the event Tenant is required to make such payment for a Partial Lease Year.

(t) With respect to any special assessments for Taxes which may be evidenced by improvement or other bonds, or may be paid in installments, only the amount of such installment (with appropriate proration for any partial calendar year) which become due during the Lease Term shall be included in Tenant's annual pro rata portion of the Taxes Applicable to the Premises.

Any rebates, refunds or abatements of Taxes received by Landlord subsequent to payment of Taxes by Tenant shall be refunded to Tenant on a pro rata basis within thirty (30) days of receipt thereof by Landlord. Any such rebate, refund or abatement realized by Landlord prior to payment by Tenant shall result in an immediate reduction in Tenant's pro rata portion of the Taxes then due to Landlord.

SECTION 8. TENANT TO BEAR PROPORTIONATE SHARE OF OPERATING COSTS.

A. For the purpose of this Lease, the term **"Operating Costs"** shall mean the total cost and expense (as hereinafter defined), incurred by Landlord in operating, managing, and maintaining and repairing the Project. The items and charges comprising Operating Costs shall specifically include, without limitation, gardening and landscaping, the cost of public liability, property damage, wind storm, flood and other insurance as is customary for similar projects located in Boca Raton, Florida, repairs, line painting, lighting, utilities, electricity, **(including electricity and water consumed in the Premises, it being expressly agreed upon by the parties hereto that the there shall be no separate electric or water meter for the Premises)** sewer and water allocable to the leasable areas of the Building and to the Common Areas, sign maintenance, music systems, sanitary control, removal of trash, rubbish, garbage and other refuse from the leasable areas of the Building and the Common Areas, janitorial services for the leasable areas of the Building and to the Common Areas, service and maintenance agreements for the Common Areas, and the cost of personnel (including a property manager and employees supervised and reporting to such manager, but not including any employees above the grade of property manager nor any executives, principals, partners, investors or related or affiliated parties of Landlord or the property manager and the salary of the property manager shall be equitably apportioned among other portions of the Project and any other properties which such manager is responsible for) necessary or convenient to implement the services specified in this Lease, with all customary employment and normal retirement benefits incident thereto, including without limitation, pension and medical and life insurance benefits, and security personnel, if such personnel are employed. Landlord shall have the right with regard to any and all management and maintenance obligations of Landlord under this Lease, to contract with such person(s) or entity or entities for the performance and accomplishment of such of the obligations as Landlord shall deem proper, including entities in which Landlord may hold an ownership or other interest. In all events, Operating Costs are to be at competitive market rates and are not to exceed those which will be payable generally to an "independent contractor," which term is hereby defined as a person or firm having no direct or indirect financial or other business interest in, or relationship with, Landlord or Landlord's management agent or any of their respective principals, agents, servants, employees, stockholders, officers or directors. No Operating Costs shall be commingled with any other property or building or with those of any other person or entity unless such expenses are bona fide expenses which are incurred in connection with the Project and provided such commingling does not result in greater Operating Costs being allocated to Tenant and that Operating Costs applicable to the Project are susceptible to audit. Notwithstanding anything to the contrary contained in this Lease, Operating Cost shall not include those costs and expenses set forth in **Exhibit "D"** attached hereto and made a part hereof.

B. Beginning on the Commencement Date, Tenant shall pay to Landlord, as additional rent, an amount equal to Tenant's Proportionate Share of Operating Costs as reasonably estimated by Landlord annually. Landlord estimates Tenant's initial Proportionate Share of Operating Costs and Taxes during the first Lease Year shall be approximately 112**.00** per rentable square foot per year and payable in twelve (12) equal monthly installments; however this is intended only to be an estimate and is subject to adjustment by Landlord. Such payments shall be made in monthly installments, commencing on the Commencement Date and continuing until the first day of the month following the month in which Landlord gives Tenant a new notice of estimated expenses. It is the intention hereunder to estimate after the end of each calendar year the amount of the actual expenses for each calendar year and Tenant's Proportionate Share thereof, and then to make an adjustment in the following year based solely on the actual expenses incurred in the previous year. Landlord shall provide Tenant prior to execution of this Lease a cost breakdown of current operating expenses and real estate taxes (see **Section** 7) for fiscal year 2006.

On or before approximately April 1 of each calendar year, Landlord shall deliver to Tenant a statement certified by Landlord in reasonable detail setting forth the total Operating Costs and Taxes actually incurred for the preceding calendar year and the method of calculation thereof. If Tenant's Proportionate Share of the actual expenses for the previous calendar year as determined above exceeds the total of the estimated monthly payments made by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within thirty (30) days of the receipt of the statement, If such total of the estimated monthly payments made by Tenant exceeds Tenant's Proportionate Share of the actual expenses for such previous year as determined above, then Landlord shall pay Tenant the amount of the credit within thirty (30) days of the receipt of the statement. The obligations of Tenant and Landlord to make payment adjustment required under this Section shall survive the termination of this Lease.

C. At reasonable times and on reasonable notice, Tenant shall have the right, not more frequently than once in any calendar year, to audit all of Landlord's (or Landlord's agent's) records pertaining to Operating Costs with a representative of its choice, which is not compensated on a contingency basis. In the event the overstatement of charges exceeds five percent (5%) of the sum previously billed to Tenant, Landlord shall refund Tenant the cost of such audit. In the event such audit shall reveal that Tenant was over charged Operating Costs, then any overcharges billed to Tenant shall be refunded by Landlord to Tenant within thirty (30) days after Tenant's completion of such audit. Landlord shall retain its records regarding Operating Costs for a period of at least one (1) year following the final billing for the calendar year in question and shall make same available to Tenant for review at the Building or at the office of Landlord's property manager in Boca Raton, Florida. The failure of Tenant to elect to examine Landlord's records pertaining to Operating Costs within one hundred twenty (120) days of receiving a reconciliation of Operating Costs for the previous calendar year shall be deemed to be a waiver of Tenant with respect to such examination or auditing and the acceptance by Tenant of the annual statement for the particular calendar year to which the annual statement relates.

D. Special Allocation of Operating Costs - Prior to the date on which ninety-five percent (95%) of the total rentable area of the Building is occupied by tenants, those components of Operating Costs which vary with the level of occupancy of the Building shall be allocated as if the Building had been at least 95% leased and occupied. All allocations shall be made in accordance with generally accepted accounting principles consistently applied. Operating Costs which do not vary with the level of occupancy, such as insurance and all expenses related to the Common Areas, will continue to be allocated on a pro rata basis over the total rentable area of the Building, whether or not occupied.

SECTION 9. USE OF COMMON AREAS.

The use and occupation by Tenant of the Premises shall include the nonexclusive use, in common with others entitled thereto, of the Common Areas including, without limitation, the lobbies, waiting areas and other areas for the nonexclusive use of tenants, and agents, employees, customers and invitees of Tenants, within the Building as such Common Areas now exist or as may hereafter be constructed for the benefit of or as a part of the Building, and other facilities as may be designated from time to time by Landlord, subject, however, to the terms and conditions of this Lease and the reasonable nondiscriminatory rules and regulations for the use thereof as prescribed from time to time by the Landlord. (The elevators and stairwells to the second floor are for the exclusive use of other tenants.) Subject to the terms of this Lease, all Common Areas shall at all times be subject to the exclusive control and management of Landlord, and Landlord shall have the full right and authority to employ all personnel and to make all reasonable nondiscriminatory rules and regulations as Landlord may in its reasonable discretion deem proper, pertaining to the proper operation and maintenance of the Building Common Areas. Landlord shall have the right to temporarily close all or any portion of the Common Areas to such extent as may, in the reasonable opinion of Landlord's counsel, be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person or the public therein; and to close temporarily any portion thereof in connection with the completion of necessary repairs thereto, and except as otherwise expressly provided herein, Tenant shall not be entitled to any compensation, damages, or diminution or abatement of rent, nor shall same be deemed a constructive or actual eviction; provided, however, in no event shall any such closure prohibit Tenant from accessing the Premises, otherwise, all Fixed Annual Rent and additional rent payable by Tenant hereunder shall abate during the period in which Tenant shall be prohibited from accessing the Premises as a result of such closure.

SECTION 10. WASTE OR NUISANCE

Tenant shall not commit or suffer to be committed any waste upon the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenant in the Project.

SECTION 11. CONSTRUCTION OF LANDLORD'S WORK AND TENANT'S WORK.

A. Landlord's Work.

Landlord agrees, at the sole cost and expense of Landlord, to perform any and all work necessary to deliver exclusive possession of the Premises to Tenant in the following condition **("Landlord's Work"):**

(1) The Premises shall be delivered to Tenant by Landlord in a turn-key build out equal to a standard office finish and in a neat and clean condition, free of any Hazardous Substance (including, without limitation, any asbestos or asbestos-containing material). Landlord shall construct such demising partitions as shall be necessary to separate the Premises from the balance of the Building which contains the Premises in substantial accordance with the Tenant's approved floor plan. Such demising walls and partitions shall be metal studs covered with drywall (to have a minimum one hour rating) which are taped, bedded and sanded smooth, in a condition ready for final finish to be applied by Tenant. Landlord shall insure that the demising walls and partitions meet or exceed all applicable fire codes and insurance regulations.

(2) The Premises shall be delivered in a structurally sound condition and with a completely watertight roof; and all plumbing, sprinkler system, HVAC system and utilities shall be in good working order.

(3) Landlord agrees, to fully cooperate with Tenant and to assist Tenant in obtaining the Building Permit required for Tenant's Work, and in obtaining an unconditional permanent Certificate of Occupancy for the Premises, or the local equivalent thereof.

(4) The Premises shall be delivered in accordance with Landlord's Work requirements as set forth in **Exhibit "E".**

(5) The Project and exterior Common Areas (parking areas, drives and landscape areas) shall be completed by Landlord.

(6) Landlord warrants and guarantees Landlord's Work to have been accomplished in a first class manner with good workmanship and materials for a period of twelve (12) months from the Rent Commencement Date. After expiration of said twelve (12) month warranty period, Landlord shall assign to Tenant any and all warranties and guaranties of third parties held by Landlord relating to matters which will be the Tenant's maintenance responsibility hereunder, except in the event same are unassignable, in which event Landlord shall enforce same for the benefit of Tenant. Landlord warrants that upon completion of Landlord's Work, the Premises and Building will meet with all present laws, codes, regulations and ordinances.

Prior to Tenant taking possession of the Premises, Tenant shall be given an opportunity to inspect the Premises with Landlord's representative to confirm that Landlord's Work has been properly completed. At that time, Tenant shall execute an inspection statement listing any deficiencies in Landlord's Work; which statement is to be mutually agreed upon by Landlord and Tenant at the time of Tenant's inspection. In the event there are any deficiencies in the Landlord's Work, Landlord will be obligated to correct those items at its sole cost within a reasonable period of time, not to exceed sixty (60) days from the date of such inspection. The Landlord's obligation to correct any deficiencies as provided for in this **Section** 11 A, shall not be grounds for deferring the Commencement Date. If Tenant fails to take advantage of the right to a pre-possession inspection on the date and time scheduled, Landlord will not be obligated to reschedule an inspection prior to Tenant taking possession of the Premises and Tenant shall be deemed to have accepted possession of the Premises in its "AS IS" condition.

B. Tenant's Work. Prior to the commencement of construction by Tenant, Tenant shall supply Landlord with its proposed floor plan layout and scope of work for the Premises (the **"Preliminary Plans")** and shall hereinafter be referred to as **"Tenant Work".** Landlord shall have three (3) business days from its receipt of the Preliminary Plans to approve or disapprove same, which approval shall not be unreasonably withheld. In the event Landlord fails to disapprove said Preliminary Plans within such three (3) business days, the Preliminary Plans shall be deemed approved. Prior to the commencement of construction by Tenant, Tenant shall supply Landlord with the final plans and specifications for Tenant's Work. Tenant's Work shall be compatible with Landlord's Work and must comply with all applicable laws, ordinances and building codes and must be approved by Landlord, which approval shall not be unreasonably withheld. Landlord shall have seven (7) days from its receipt of the final plans and specifications for Tenant's Work to approve or disapprove same, which approval shall not be unreasonably withheld. In the event that Landlord has failed to approve the final plans and specifications for Tenant's Work within said seven (7) day period, Tenant's Work shall be deemed approved. Such plans and specifications, as finally approved by Landlord, are referred to herein from the time to time as **"Tenant's Plans".** Any upgrades or improvements made to the Premises in addition to Landlord's Work made either simultaneously or subsequent to such work shall be an additional cost to Tenant.

Tenant shall have the right to undertake all of the Tenant's Work through its own contractor. There shall be no fees charged by Landlord to Tenant for management or supervision by Landlord of Tenant's Work. Tenant shall be permitted to enter and have prior access to Premises along with its agents, contractors and architects. Such right of access shall include access to and use of the loading dock, elevators, electrical systems, air conditioning and related facilities. There shall be no charge for the use of said facilities.

Tenant shall obtain Landlords prior written approval to any material revisions to the Tenant's Plans requested by Tenant, which approval shall not be unreasonably withheld or delayed. Notwithstanding anything to the contrary herein contained, Tenant's Work may vary from the requirements of the Tenant's Plans if the variances are required by the circumstances or good construction practices, the building permit or applicable legal requirements, or if the variance is not material.

Prior to Tenant commencing any portion of the Tenant's Work, Tenant shall: (i) obtain the Building Permit, (ii) advise Landlord of the name of the general contractor to be engaged by Tenant to perform the Tenant's Work, the selection of such contractor to be subject to the reasonable prior approval of Landlord (which approval shall not be unreasonably withheld or delayed), and (iii) furnish Landlord with proof that Tenant has obtained public liability insurance covering the Premises as required by **Section** 26A hereof and that the general contractor has in effect a policy of liability insurance, builder's risk insurance and workers' compensation insurance in such amounts and in such form as is customarily maintained in connection with similar construction in the vicinity of the Building. Tenant shall perform Tenant's Work in a good and workmanlike manner in compliance with the building and zoning laws applicable to the Premises. Tenant shall complete Tenant's Work free and clear of all liens and encumbrances for work, labor and services.

C. HVAC Systems. Tenant shall have the ability to control the Premises' temperature and humidity on a constant (24 hours per day) basis. Tenant, at its expense, shall have the right during the term of this Lease, to install its own package air-conditioning unit(s) within the Premises or on the roof of the Building. Prior to installing any such package air-conditioning unit, Tenant shall obtain Landlord's approval of the plans and specifications thereof, which approval shall not be unreasonably withheld or delayed. In the event Tenant installs its own package air-conditioning unit(s) on the roof of the Building, Tenant shall be solely responsible for any roof damage caused by the installation of the air conditioning units or caused by the operation of such units throughout the Term of this Lease.

SECTION 12. CONDITION OF PREMISES .

Tenant acknowledges that Landlord has made no representations or promises as to the condition of the Premises, nor shall Landlord be required to construct any alterations or improvements to the Premises, except as expressly set forth in this Lease.

SECTION 13. ALTERATIONS.

All Alterations by Tenant must be in accordance with the requirements of this Lease. The Tenant may, provided the Tenant is in compliance with all applicable provisions of this Section 13 make at its sole cost and expense Alterations which are not Material Alterations without the consent of Landlord. Tenant shall be required to obtain Landlord's prior written consent (which consent shall not be unreasonably withheld or delayed) with regard to Material Alterations. Before proceeding with any Material Alteration, Tenant shall submit to Landlord for Landlord's approval (which approval or disapproval (with reasons for such disapproval) Landlord shall provide to Tenant within seven (7) days after receipt of such plans and specifications), the name of the contractor and plans and specifications for the work to be done and Tenant shall not proceed with such work until it obtains Landlord's approval, which approval shall not be unreasonably withheld or delayed. In the event that Landlord has failed to approve such plans and specifications within said seven (7) day period, such plans and specifications shall be deemed approved. Tenant, at its expense, shall obtain all necessary governmental permits and certificates for the commencement and prosecution of the Alterations and for final approval thereof upon completion and shall cause the Alterations to be performed in a good and workmanlike manner in

accordance with the requirements of all applicable governmental authorities. All Alterations shall be diligently performed in a good and workmanlike manner, using materials and equipment at least equal in quality and class to the original installations of the Premises. All decorations, additions, improvements or other alterations to the Premises, except for the Tenant's Property, shall, unless Landlord elects otherwise in writing, become the property of Landlord upon the expiration of this Lease, and shall be surrendered with the Premises at the expiration of this Lease. Landlord shall have the right to designate at the time of its approval of any request by Tenant for permission to make Material Alterations to the Premises those items for which Landlord reasonably reserves the right to require Tenant to remove upon the expiration or sooner termination of the term of this Lease. Any such designation shall be in Landlord's reasonable discretion, based upon sound business judgment as to the probable effect of such Material Alteration upon Landlord's ability to re-let the Premises upon the expiration or sooner termination of the Term of this Lease. If required by Landlord in accordance with the foregoing, any such Material Alteration to the Premises shall be removed at Tenant's expense upon the expiration or sooner termination of the Term of this Lease and Tenant, at its expense, shall also repair any damage to the Premises caused by such removal, reasonable wear and tear, casualty, condemnation and Acts of God excepted.

SECTION 14. LIENS.

Nothing contained in this Lease shall be construed as a consent on the part of the Landlord to subject the estate of Landlord to liability under the Mechanic's Lien Law of the State of Florida, it being expressly understood that the Landlord's estate shall not be subject to such liability. Tenant shall strictly comply with the Mechanic's Lien law of the State of Florida, as set forth in Chapter 713, Florida Statutes. Notwithstanding the foregoing, Tenant, at its expense, shall cause any lien filed against the Tenant's interest under this Lease, the Premises, the Building or the Project Common Areas for work, services or materials claimed to have been furnished to or for the benefit of Tenant (other than on account of the Landlord's Work) to be satisfied or transferred to bond within twenty (20) days after Tenant's having received notice thereof. In the event that Tenant fails to satisfy or transfer to bond such Claim of Lien within said twenty (20) day period, the Landlord may do so and thereafter charge the Tenant as additional rent, all reasonable costs incurred by the Landlord in connection with the satisfaction or transfer of such claim, including attorneys' fees plus interest thereon at the Stipulated Rate.

SECTION 15. NEGATIVE COVENANTS.

Landlord covenants at all times during the Term:

A. Except as required by law, not to make any material change, alteration, or addition to the Project including, but not limited to, the Building, the configuration of the Common Areas, methods of pedestrian or vehicular ingress and egress, lighting, curbing, building heights and stories, which change, alteration or addition would have a material and adverse affect on Tenant.

B. Except as required by law, not to maintain or permit any construction, barricades or obstructions in the Project which would have the effect of materially impeding pedestrian or vehicular access between the Premises and the public roadways adjacent to the Project.

SECTION 16. REPAIRS.

A. Landlord will keep: (a) the roof, structure, columns, exterior walls and exterior windows, foundation, interior load-bearing walls and demising walls and floors, in sound, watertight condition and good state of repair; and (b) the elevators, and all Building systems and facilities including, but not limited to, the base building electrical, water, gas, sewer, life safety, mechanical and HVAC (including the Premises' air handling equipment, but excluding separate package air-conditioning systems specially installed by or for Tenant for Tenant's sole use, if any) supplied to the Premises in good operating condition, maintenance and repair; and (c) the sidewalks, curbs, driveways, parking areas (if any) and landscaping in good condition and repair, open and free of debris or other obstruction. The Landlord will also keep the public portions of the Building, toilets and Common Areas in clean, sightly, good operating condition and repair as well as any Building systems which penetrate into or pass through the Premises or upon which the Premises are dependent. Landlord agrees, at its expense, upon request of Tenant, to remedy any latent defects in Landlord's Work. All repairs, replacements and restorations made by Landlord shall be equal in quality and class to the originals thereof and shall be completed in compliance with applicable law. The Landlord covenants that any repairs or replacements (as the case may be) required by the terms of this Lease to be made by Landlord shall be commenced and completed expeditiously. All repair obligations of Landlord hereunder with respect to the Project, other than structural repairs and except as expressly set forth in **Exhibit "D"** hereof, shall be deemed a component of Operating Costs.

B. Tenant shall not suffer any damage, waste or deterioration to occur to the Premises and shall maintain the interior non-structural portions of the Premises and the fixtures and appurtenances therein in good and sightly condition, and shall make all repairs necessary to keep them in good working order and condition (including structural repairs when those are necessitated by the negligence or willful misconduct of Tenant or its agents, employees or invitees) ordinary wear and tear and Acts of God excepted, and subject to the provisions of **Sections 17and 18** hereof. All repairs, replacements and restorations made by Tenant shall be equal in quality and class to the originals thereof and shall be completed in compliance with applicable law. The Tenant covenants that any repairs or replacements (as the case may be) required by the terms of this Lease to be made by Tenant shall be commenced and completed expeditiously. The exterior walls of the Building, the windows and the portions of all window sills outside same are not part of the Premises and Landlord hereby reserves all rights to such parts of the Building (subject to the terms and provisions of this Lease). Landlord shall assign to Tenant all guaranties, warranties and service agreements and any other items relating to any and all parts of the Premises for which Tenant bears any responsibility during the Term.

C. Landlord agrees that it shall during the Term of this Lease; to maintain the Building, the Common Areas and the Project in a safe, good and clean condition. Landlord shall be responsible for remedying or repairing any work performed by Landlord at the Premises or the Project to the extent such work was not constructed in accordance with all applicable governmental laws, codes and ordinances.

D. Landlord covenants and agrees, at its expense without reimbursement or contribution by Tenant, to keep, maintain, alter and replace, if necessary, all Common Areas (including, without limitation, access to the Building and Premises) and structural components of the Building so as to maintain compliance of same with the Americans with Disabilities Act of 1990, 42 U.S.C. 12101 et seq. (the "Act"), as amended from time to time, and all rules and regulations promulgated to further the purpose of and to enforce the Act (the "ADA").

E. Landlord covenants and agrees, at its expense without reimbursement or contribution by Tenant, to keep, maintain, alter and replace, if necessary, the air conditioning equipment (other than any package units installed by Tenant) so as to maintain compliance of same with regard to the use of chlorofluorocarbons ("CFCs") under all laws, rules, regulations and orders now or hereafter in effect (the **"Laws")** including, without limiting the generality of the foregoing, all Laws issued under the authority of the Clean Air Act Amendment of 1990 (the **"Act").**

SECTION 17. **EMINENT DOMAIN.**

A. If, after the execution and before the termination of this Lease: (i) any portion of the Premises is taken by eminent domain or conveyed in lieu thereof; or (ii) as a result of a taking by eminent domain or the action of any public or quasi-public authority or a conveyance in lieu thereof, the means of ingress or egress to and from the Building is so permanently altered as to materially and adversely affect the flow of traffic in, to, from or about the Building; then, in any of the foregoing events, the Lease Term shall, at the option of Tenant, cease and terminate as of the day possession shall be taken by the acting governmental or quasi-governmental authority (the **"Date of Taking").** Such option to terminate shall be exercisable by Tenant giving written notice to Landlord on or before thirty (30) days after the Date of Taking, which notice shall provide for a termination date (the "Termination Date") not later than ninety (90) days after the Date of Taking and Tenant shall pay Rent up to the Termination Date, and Landlord

SECTION 19. QUIET ENJOYMENT.

Landlord covenants and agrees that, upon Tenant's paying on a monthly installment basis the Fixed Annual Rent and any additional rent required hereunder and performing all of the other covenants herein on its part to be performed, Tenant shall and may peaceably and quietly hold and enjoy the Premises without hindrance by Landlord or persons claiming through or under Landlord (including, without limitation, any mortgagee of Landlord), subject to the terms, covenants and conditions of this Lease.

SECTION 20. RIGHT OF ENTRY .

Upon reasonable prior notice, Landlord and Landlord's agents shall have the right during Normal Business Hours (and at all times in the case of emergency) to enter the Premises, to examine the same, and to show them to prospective purchasers or lenders of the Building. Upon reasonable prior notice (except in the case of an emergency), Landlord and Landlord's agents shall have the right outside of Normal Business Hours to enter the Premises to make such repairs, alterations, improvements or additions as required under this Lease or as Landlord may reasonably deem necessary or desirable, and Landlord shall be allowed to take all material into and upon the Premises that may be required therefore without the same constituting an eviction of Tenant in whole or in part, and the Rent reserved shall in no wise abate while said repairs, alterations, improvements, or additions are being made unless Tenant is prevented from operating in the Premises in whole or in part, in which event Fixed Annual Rent and all other charges shall be proportionately abated during said period. Upon reasonable prior notice, during the six (6) months prior to the expiration of the term of this Lease or any renewal term, Landlord may during Normal Business Hours exhibit the Premises to prospective tenants. Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, maintenance or repair of the Premises or the Building or any part thereof, except as otherwise herein specifically provided.

SECTION 21. **SERVICES.**

Landlord covenants that it will furnish to the Premises and Building the following services on all days during the Term:

(a) Water to the floors in which the Premises are located for lavatory, lavatory wash basins and cleaning purposes twenty four hours per day, three hundred sixty five days per year.

(b) Elevator service to each floor of the Building twenty four hours per day, three hundred sixty five days per year; provided, however, Landlord may reasonably limit the number of elevators in operation during times outside of Normal Business Hours. Landlord shall without charge provide freight elevator service in the Building during Normal Business Hours subject to Landlord's reasonable scheduling procedure, if any.

(c) Fluorescent, incandescent and other bulb replacement in the Common Areas and service areas of the Building.

(d) Janitorial services for the Premises and Building as performed in other comparable buildings in Boca Raton, Florida which shall be furnished five (5) days per week, exclusive of normal business holidays and Saturdays.

(e) Security in the form of limited access to the Building during times outside of Normal Business Hours shall be provided by means of a central management system with electronic readers custom-designed for the Building. Tenant shall have access to the Premises 24 hours per day, 365 days per year. Each employee of Tenant shall have access cards and codes for Building access outside of

Normal Business Hours. In the event that Landlord in its sole and absolute discretion, determines that guards or extra security is required for the Building, the cost of such guards or extra security shall not be borne by the tenants in their Proportionate Share and shall be included as an Operating Expense.

(f) Landlord shall provide electricity of up to 10 watts per square foot (slab to slab) of useable area of the Premises. Tenant shall reimburse Landlord for all electrical service rendered or furnished to the Premises by way of Operating Expenses. The foregoing notwithstanding, Landlord reserves the right at anytime to install a sub-meter for utility service and bill Tenant directly for electricity. if in Landlord's sole discretion, Tenant's consumption of electricity is overly excessive in relation to Tenant's Proportionate Share of Operating Expenses.

(g) The Building shall have a complete heat-activated sprinkler system, smoke detectors, speaker/strobe fire alarm and remote monitoring generator.

(h) Trash removal,

(i) Electrical lighting service for the Common Areas.

(i) A building directory in the lobby of the Building and Tenant shall be entitled to

at least Tenant's Proportionate Share of space thereon.

(k) Heating and air-conditioning in season at such temperatures and in such amounts as shall provide comfortable working conditions throughout the Premises and in the lobby, hallways and bathrooms during Normal Business Hours (i.e., sufficient capacity to maintain an inside base building temperature within the Premises of 75 degrees Fahrenheit dry bulb in the summer when the outside temperature is 92 degrees Fahrenheit dry bulb, 80 degrees Fahrenheit wet bulb, and an inside base building temperature of 72 degrees Fahrenheit dry bulb in the winter when the outside temperature is 42 degrees Fahrenheit). Said HVAC system shall provide the proper outside make-up air in accordance with the latest indoor air quality standards and/or local mechanical code, whichever is more stringent. Landlord shall furnish heating and air-conditioning service to the Premises at times other than Normal Business Hours upon request of Tenant. Tenant shall bear the cost of such additional service as incurred, or its Proportionate Share of such cost, in the event any tenant or occupant of the Building other than Tenant shall contemporaneously request such after-hours service, which cost shall be the actual cost to Landlord charged by the applicable supplier thereof. Tenant may, at its expense, install supplementary air-conditioning systems to service the Premises. All costs in connection with such supplementary systems shall be at Tenant's sole cost and expense and shall otherwise comply with the other provisions of this Lease in connection with any improvements or alterations to the Premises. The Building heating and air-conditioning system shall have sufficient capacity and operating efficiency and shall be run long enough in the evening and started early enough in the morning, to provide the proper temperature, humidity and air flow for comfortable working conditions during Normal Business Hours.

(l)Waste water and sewer services.

(m) Landlord's failure to furnish, or the interruption or termination of, the services described in this Section in whole or in part resulting from causes beyond the reasonable control of Landlord, its agents, or employees, shall not render Landlord liable in any respect, shall not be construed as an eviction of Tenant, nor entitle Tenant to any abatement of any Rent under this Lease, except as expressly provided herein; provided, however, that Landlord shall use its best efforts diligently and continuously to restore such service in the least amount of time. Tenant shall be provided no less in quantity or quality of the above described services than shall be provided any other tenant in the Building or in similar buildings in the Boca Raton area. Landlord represents that the Building currently has a back-up gas generator which has been installed for the purpose of providing back up electrical service for key mechanical components located within the Building. In the event of a temporary power outage on account of adverse weather conditions, Landlord will use commercially reasonable efforts to provide limited electrical service to the Premises using the back up generator in order to run Tenant's key mechanical, cooling and computer systems. Notwithstanding the foregoing, if any of the aforementioned services are not provided to Tenant (i) as a result of causes within the reasonable control of Landlord or the negligence or willful misconduct of Landlord or Landlord's employees or agents, or (ii) in any event for a period of more than three (3) consecutive business days following Landlord's receipt of written notice from Tenant of the absence of such service(s), and if a material adverse effect on Tenant's ability to conduct its business in the Premises results from the absence of such service(s), then Fixed Annual Rent and all additional rent under this Lease shall abate during the period such service(s) is not provided and shall continue until such date and time as such service(s) is re-established.

SECTION 22. **ASSIGNMENT AND SUBLETTING** .

A. Tenant may not assign this Lease in whole or in part, nor sublet all or any portion of the Premises, without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, delayed or conditioned. If Tenant shall be in default of this Lease (beyond any applicable notice and grace period), Landlord may, until such default is cured, withhold its consent to any proposed assignment or subletting. In the event that Landlord fails to disapprove the proposed assignment or subletting of the Premises within fifteen (15) days from and after the date that Landlord receives Tenant's request to assign or sublet the Premises, then such assignment or subletting of the Premises shall be deemed to have been approved by Landlord without condition. If Tenant requests Landlord's consent to a specific assignment or sublease, Tenant will simultaneously with such requests give Landlord (i) the name and address of the proposed assignee or subtenant, (ii) the terms of the proposed assignment or sublease, and (iii) reasonably satisfactory and complete information about the nature, financial condition, business and business history of the proposed assignee or subtenant, and its proposed initial use of the Premises. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. If this Lease be assigned, or if the Premises or any part thereof be underlet or occupied by any party other than Tenant, Landlord may collect Rent from the assignee, subtenant or occupant, and apply the net amount collected to the Rent herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as Tenant, or a release of Tenant from the further performance by Tenant of the covenants on the part of Tenant herein contained. This prohibition against assignment or subletting shall be construed to include prohibition against any assignment or subleasing by operation of law. Tenant shall deliver to Landlord within twenty (20) days after any assignment or subletting a copy of the executed assignment or sublease agreement. Any assignment or sublease shall provide that the assignee or subtenant shall comply with all applicable terms and conditions of this Lease to be performed by Tenant hereunder. The permitted use of the Premises shall not change in connection with any assignment or sublease without Landlord's consent. Notwithstanding any assignment or sublease, Tenant shall remain fully liable on this Lease and shall not be released from performing any of the terms, covenants and conditions hereof or any Rent or other sums to be paid hereunder.

B. Notwithstanding the foregoing, Tenant may, without the approval of Landlord, assign this Lease, or sublease the Premises, in whole or in part, to: (a) any corporation which has the power to direct Tenant's management and operation, or any corporation whose management and operation is controlled by Tenant; or (b) any corporation a majority of whose voting stock is directly or indirectly owned by Tenant; or (c) any corporation in which or with which Tenant, its corporate successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions for merger or consolidation of corporations, so long as the liabilities of the corporations participating in such merger or consolidation arc assumed by the corporation surviving such merger or created by such consolidation; or (d) any entity acquiring this Lease and a substantial portion of Tenant's assets; or (e) any successor to a successor entity becoming such by either of the methods described in **Subsections (c) or (d)** above.

SECTION 23. DEFAULT.

A. Tenant's Default. (i) If Tenant shall default in the payment of the Fixed Annual Rent, any additional rent or any other sums payable by Tenant herein when due, and such default shall continue for a period of ten (10) days after written notice, or (ii) if Tenant shall default in the performance of any nonmonetary covenant or agreement of this Lease and said default shall continue for more than thirty (30) days after written notice thereof, or in the event that the default is of such a nature as cannot with diligent effort be cured within said thirty (30) day period, if Tenant shall not commence to cure within said period and diligently prosecute remedial efforts to completion within a reasonable time thereafter, or (iii) if Tenant should become bankrupt or insolvent or any debtor proceedings be taken by or against Tenant (provided, if same shall be involuntary on the part of Tenant, the event in question shall not be deemed a default within the meaning of this Lease if dismissed or vacated by Tenant within sixty [60] days thereof), or (iv) if Tenant shall assign this Lease in whole or in part or sublet all or any portion of the Premises in violation of **Section** 22 hereof, then Landlord may pursue any and all remedies and rights available to Landlord at law or in

equity. Tenant covenants and agrees, notwithstanding any entry or reentry by Landlord, whether by summary proceedings, termination or otherwise, to pay and be liable for on the days originally fixed herein for the payment thereof, amounts equal to the several installments of Rent and other charges reserved as they would, under the terms of this Lease, become due if this Lease had not been terminated, or if Landlord had not entered or reentered as aforesaid, and whether the Premises be relet or remain vacant, in whole or in part, or for the remainder of the Lease Term or a period less than the remainder of the Lease Term; but in the event the Premises is relet by Landlord, Tenant shall be entitled to a credit against its rental and other monetary obligations hereunder in the amount of the Rents and other sums received by Landlord from any such reletting of the Premises less any reasonable costs incurred by Landlord (not previously reimbursed by Tenant) in connection with the repossessing of the Premises, including, without limitation, reasonable attorneys' fees, brokerage commissions (prorated for the portion of the Lease Term remaining) and any costs of repairs or alterations. The Landlord shall not, in any event, be required to pay Tenant any surplus of any sums received by Landlord on a reletting of said Premises in excess of the Rent provided in this Lease. In no event shall Tenant's obligations hereunder exceed the amount of any such obligation that would have existed if the Premises had remained vacant and had not been relet. In the event of termination of Tenant's right of possession to the Premises by Landlord as aforesaid, Landlord shall use reasonable efforts to relet the Premises at a fair market rental or as near thereto as is then possible under all circumstances then existing so as to minimize the damages suffered by Landlord and payable by Tenant.

B. If any event of default (after expiration of applicable notice and grace periods) occurs, the Landlord, in addition to other rights and remedies it may have, shall have the right to remove all or any part of the Tenant's property from the Premises and any property removed may be stored in any public warehouse or elsewhere at the cost of, and for the account of Tenant and the Landlord shall not be responsible for the care or safekeeping thereof whether in transport, storage or otherwise, and the Tenant hereby waives any and all claim against Landlord for loss, destruction and/or damage or injury which may be occasioned by any of the aforesaid acts, except if caused by the negligence or willful misconduct of Landlord, its agents or employees.

C. No such re-entry or taking possession of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant. Notwithstanding any such re-letting without termination, Landlord may at all times thereafter elect to terminate this Lease for such previous default. Any such reentry shall be allowed by Tenant without hindrance, and Landlord shall not be liable in damages for any such re-entry, or guilty of trespass or forcible entry, except if caused by the negligence or willful misconduct of Tenant.

D. In the event of a breach of any covenant of this Lease, Landlord shall have the right to apply for an injunction. Any and all rights, remedies and options given in this Lease to Landlord in the event of a default by Tenant shall be cumulative and in addition to and without waiver of, or in derogation of, any right or remedy given to it under any law now or hereafter in effect or in equity.

E. If Tenant shall default in the performance of any provision of this Lease on Tenant's part to be performed, Landlord may, after the expiration of applicable notice and cure periods, perform the same for the account of Tenant and Tenant shall promptly reimburse Landlord for any reasonable expense incurred therefor plus interest thereon at the Stipulated Rate, which expenses shall be deemed to be additional rent.

F. Landlord's Default. If Landlord shall violate, neglect or fail to perform or observe any of the representations, covenants, provisions, or conditions contained in this Lease on its part to be performed or observed, which default continues for a period of more than thirty (30) days after receipt of written notice from Tenant specifying such default or ten (10) days after notice in the case of a monetary default), or if such default is of a nature to require more than thirty (30) days for remedy and continues beyond the time reasonably necessary to cure (provided Landlord must have undertaken procedures to cure the default within such thirty (30) day period and thereafter diligently pursues such efforts to cure to completion), Tenant may, at its option (in addition to all other rights and remedies provided Tenant at law, in equity or hereunder), incur any reasonable expense necessary to perform the obligation of Landlord specified in such notice and bill Landlord for the costs thereof. Notwithstanding the foregoing, if in Tenant's reasonable judgment, an emergency shall exist,

Tenant may cure such default without any prior notice to Landlord. If Landlord has not reimbursed Tenant within thirty (30) days after receipt of Tenant's bill, Tenant may deduct the reasonable cost of such expense, plus interest thereon at the Stipulated Rate, from the Fixed Annual Rent and other payments next becoming due after the expiration of said thirty (30) day period. Nothing herein shall be construed as requiring Tenant to await the passage of thirty (30) days before seeking equitable relief (exclusive of the right of termination). The self-help option given in this Section is for the sole protection of Tenant, and its existence shall not release Landlord from its obligation to perform the terms, provisions, covenants and conditions herein provided to be performed by Landlord or deprive Tenant of any legal rights which it may have by reason of any such default by Landlord. Any and all rights, remedies and options given in this Lease to Tenant in the event of a default by Landlord shall be cumulative and in addition to and without waiver of or in derogation of, any right or remedy given to it under any law now or hereafter in effect or in equity.

SECTION 24. LEGAL EXPENSES.

In the event that it shall become necessary for either Landlord or Tenant to employ the services of attorneys to enforce any of their respective rights under this Lease or to collect any sums due to them under this Lease or to remedy the breach of any covenant of this Lease on the part of the other to be kept or performed, the nonprevailing party (Tenant or Landlord as the case may be) shall pay to the prevailing party such reasonable fees as shall be charged by the prevailing party's attorneys for such services at all trial and appellate levels and post judgment proceedings and such prevailing party shall also have and recover from the nonprevailing party (Landlord or Tenant as the case may be) all other costs and expenses of such suit and any appeal thereof or with respect to any postjudgment proceedings.

SECTION 25. INSURANCE.

A. Tenant agrees to maintain, at Tenant's sole cost and expense, comprehensive general public liability insurance in standard form against claims for bodily injury or death or property damage occurring in or upon the Premises, effective from the date Tenant enters into possession and during the term of this Lease. Such insurance shall afford minimum protection during the term of this Lease of not less than One Million Dollars ($1,000,000.00). Any insurance policies required under this Paragraph A shall name Landlord as an additional insured. Upon Tenant's default in obtaining or delivering the policy or certificate for any such insurance or Tenant's failure to pay the charges therefor, Landlord may, upon ten (10) days notice to Tenant, procure or pay the reasonable charges for any such policy or policies (for not more than a 12 month period) and charge the Tenant therefor plus interest thereon at the Stipulated Rate as additional rent.

B. Tenant shall at all times during the term hereof and at its cost and expense, maintain in effect policies of insurance covering all of Tenant's personal property, trade fixtures and equipment located in the Premises, in an amount equal to their full replacement value, providing protection against any peril included within the standard classification of "Fire and Extended Coverage", together with insurance against sprinkler damage, vandalism, theft and malicious mischief The proceeds of such insurance, so long as this Lease remains in effect, shall be used to repair or replace the personal property, trade fixtures and equipment so insured.

C. Landlord and Tenant waive their right to recover damages against each other (and their respective officers, directors, shareholders, partners, joint venturers, employees, agents, customers, invitees or business visitors) for any loss or damage arising from any cause covered by any casualty insurance required to be carried by either party pursuant to this Lease. Any insurance policy procured by either Tenant or Landlord which does not name the other as an additional insured shall, if obtainable, contain an express waiver of any right of subrogation by the insurance company.

D. Tenant at its expense shall comply with all requirements of the Board of Fire Underwriters, or any other similar body affecting the use of the Premises, and shall not use the Premises in a manner which shall increase the rate of fire insurance or other insurance of Landlord or of any other tenant, over that in effect prior to this Lease. If Tenant's use of the Premises increases the fire insurance rate, Tenant shall reimburse Landlord for all such increased costs.

E. Landlord shall, at its expense (as part of the Operating Costs), at all times during the Term hereof, maintain or cause to be maintained in effect coverage under a policy or policies of fire and extended coverage insurance covering the Building, in an amount not less than one hundred percent (100%) of the full replacement value (exclusive of the costs of excavations, foundations and footings) from time to time during the Term of this Lease, providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage, vandalism, malicious mischief and flood (if located within a designated flood zone).

F. Landlord shall, at its expense (as part of the Operating Costs), at all times during the Term hereof, carry comprehensive public liability and property damage insurance against claims for injury to persons and property occurring in the Common Areas.

G. All policies of insurance provided for herein shall be issued by insurance companies qualified to do business in the State of Florida and rated A: VIII or better in Best's Insurance Guide (or similar rating in an equivalent publication if no longer published). Executed copies of such policies of insurance as either party is required to carry hereunder or certificates thereof shall be delivered to the other party within thirty (30) days of receipt of a written request therefor. All policies of insurance required to be carried by either party hereunder must contain a provision that the company writing said policy will give the other party at least thirty (30) days notice in writing in advance of any cancellation or modification.

Notwithstanding anything to the contrary contained with this **Section 25**either party's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by them; provided, however, that the coverage afforded Landlord and Tenant will not be reduced or diminished by reason of the use of such blanket policy of insurance, and provided further that the requirements set forth herein are otherwise satisfied. Landlord and Tenant agree to permit the other at all reasonable times to inspect the policies of insurance of Landlord and Tenant covering risks upon the Premises or the Building for which policies or copies thereof are not required to be delivered to the other.

H. Tenant may self-insure any of its insurance coverage obligations hereunder so long as Tenant's net worth is in excess of One Hundred Million Dollars ($100,000,000) as evidenced by annual financial statements provided to Landlord by Tenant's accountants or by reports published in accordance with the Securities Exchange Commission's reporting requirements for publicly traded companies, as computed in accordance with generally-accepted accounting principles.

SECTION 26.INDEMNIFICATION.

A. Subject to the waiver of subrogation provisions contained in Section 25 hereof, Tenant shall indemnify, defend and save Landlord harmless (except for loss or damage resulting from the negligence of Landlord, its agents or employees), from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to or destruction of property arising from or out of any occurrence in, upon or at the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, subtenants or concessionaries. In case Landlord shall be made a party to any such litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and pay all costs and attorney's fees incurred by Landlord in connection with such litigation, and any appeals thereof.

B. Subject to the waiver of subrogation provisions contained in Section 25 hereof, Landlord shall indemnify, defend and save Tenant harmless (except for loss or damage resulting from the negligence of Tenant, its agents or employees) from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to or destruction of property arising from or out of any occurrence in, upon or at the Common Areas, or occasioned wholly in or part by any act or omission of Landlord, its agents, contractors, employees or servants. In case Tenant shall be made a party to any litigation commenced by or against Landlord, then Landlord shall protect and hold Tenant harmless and pay all costs and attorneys' fees incurred by Tenant in connection with such litigation, and any appeals thereof.

C. Except for the negligence or intentional misconduct of Landlord or its agents, employees or contractors, Tenant agrees Landlord shall not be liable in any manner, to Tenant, its agents, employees, guests or invitees, for damage or injury to persons and property caused by the criminal acts or intentional misconduct of third parties.

D. Each party shall indemnify, protect, defend and hold the other harmless from and against any and all claims, demands, losses, liabilities and penalties (including, without limitation, reasonable attorneys' fees at all trial and appellate levels, whether or not suit is brought) arising directly or indirectly from or out of, or in any way connected with: (a) the presence of any Hazardous Substance on the Project caused by the acts of such party, its agents or employees; or (b) any violation or alleged violation of any local, state or federal environmental law, regulation, ordinance or administrative or judicial order relating to any Hazardous Substance on the Project, caused by the acts of such party, its agents or employees.

SECTION 27. LOSS AND DAMAGE.

Except if caused by the negligence or willful misconduct of Landlord, its agents, contractors or employees, Landlord shall not be responsible for any damage to any property of Tenant (including without limitation appliances, equipment, machinery, stock, inventory, fixtures, furniture, improvements, displays, decorations, carpeting and painting) or of others located on the Premises, nor for the loss of or damage to any property of Tenant or of others by theft or otherwise, Landlord shall not be Viable for any injury or damage to persons or property resulting from fire, smoke, explosion, falling plaster, steam, gas, electricity, water, rain, or leaks from any part of the Premises, or from the pipes, appliances or plumbing work or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature, except if caused by the negligence or intentional act of Landlord, its agents, contractors or employees or by Landlord's failure to maintain as required under this Lease. Landlord shall not be Viable for any such damage caused by other tenants or persons on the Premises, occupants of the Building or of adjacent property, the public, or caused by operations or construction of any private, public or quasi-public works. All property of Tenant kept or stored on the Premises shall be so kept or stored at the sole risk of Tenant and Tenant shall hold Landlord harmless from any and all claims arising out of damage to same, including subrogation claims by Tenant's insurance carriers, except if caused by the negligence or intentional act of Landlord, its agents, contractors or employees.

SECTION 28. END OF TERM.

Tenant shall surrender the Premises to Landlord at the expiration or sooner termination of this Lease in good order and condition, except for reasonable wear and tear and damage by Acts of God, condemnation, fire or other casualty. Tenant agrees that if possession of the Premises is not surrendered to Landlord on the date of the expiration or sooner termination of this Lease, then, unless Landlord shall have consented to Tenant's holding over, Tenant shall pay Landlord as liquidated damages for each month and for each portion of any month prorated on a daily basis, during which Tenant holds over in the Premises after expiration or termination of the term of this Lease without consent, a sum equal to (a) 2.00 times the Fixed Annual Rent, plus (b) all additional rent and other sums which were payable per month under this Lease during the last month of the term or renewal term, as the case may be. Any personal property remaining in the Premises after the expiration or sooner termination of the term of this Lease shall, after ten (10) days notice to Tenant and Tenant's failure to remove same, be deemed to be abandoned property at the

SECTION 35.SATELLITE DISH .

Landlord hereby grants Tenant the right, at Tenant's sole cost and expense, but without payment of any rent or fee to Landlord, to install, maintain and replace from time to time a satellite dish(s) or similar antennae devise(s) (hereinafter **"Satellite Dish")** on the Building Land or on the roof of the Building, subject to the following: (a) applicable governmental laws; (b) the right of Landlord to supervise any roof penetrations; (c) compliance with the conditions of any roof bond maintained by Landlord on the Building and (d) the right of Landlord to approve the location of the Satellite Dish, which approval shall not be unreasonably withheld. Tenant shall be responsible for the repair of any damage to any portion of the Building or Building Land caused by Tenant's installation, use or removal of the Satellite Dish. The Satellite Dish shall remain the exclusive property of Tenant, and Tenant shall have the right to remove same at any time during the term of the Lease. Tenant shall protect, defend, indemnify and hold harmless Landlord from and against any and all claims, damages, liabilities, costs or expenses of every kind and nature (including, without limitation, reasonable attorneys' fees) imposed upon or incurred by or asserted against Landlord arising out of Tenant's installation, maintenance, use or removal of the Satellite Dish. Tenant shall have access and the right to run telephone, CRT and other cables through the existing Building utility systems and areas with the prior consent of Landlord, which consent shall not be unreasonably withheld if same will not damage the Building or interfere with such utility systems. Tenant shall not be required to remove any of its cabling upon the termination of this Lease.

Landlord shall not, and shall not suffer or permit any other person to, install or operate on the roof of the Building or elsewhere in the Building or on the Land any telecommunications or other equipment which interferes with the proper functioning of any telecommunications antenna or equipment installed by Tenant.

SECTION 36. RULES AND REGULATIONS .

Subject to the last sentence of this **Section 36** Tenant agrees to fully comply with all current Rules and Regulations shown in **Exhibit "J"** attached hereto and by this reference incorporated herein. Landlord shall have the right from time to time to prescribe additional reasonable uniform rules and regulations, which in its judgment, may be desirable for the use, entry, operation and management of the Building and the Project, each of which additional rules and regulations shall, upon Tenant's receipt of written notice thereof, be deemed incorporated herein and made a part hereof by this reference. The Rules and Regulations shall not be applied in a discriminatory manner to Tenant, nor shall any of the Rules and Regulations be inconsistent with the rights of Tenant under this Lease.

Tenant agrees that from time to time Landlord may institute certain voluntary hurricane preparation and other natural disaster readiness programs for the Project which Landlord believes will be in the best interest of the Project and its tenants. In connection with Landlord's hurricane preparation and other natural disaster readiness programs, Tenant agrees to as its sole cost and expense take all precautionary actions to secure and protect the interior of the Premises from such natural disasters.

SECTION 37. **PARKING.**

Tenant is hereby granted the non-exclusive privilege to use the parking spaces in common with other tenants not specifically allocated to other tenants in the parking lot of the Building in which the Premises is located for itself and its employees and clients. Tenant shall abide by all reasonable rules and regulations as may now exist or as may hereinafter be promulgated by the Landlord and enforced by Landlord, and a violation of this clause and/or the rules referred to above shall constitute a default by the Tenant in the terms, conditions and covenants of this Lease subject to temporary interruptions provided for herein. Landlord represents that through the term of this Lease, the Building shall maintain a minimum parking ratio of four (4) parking spaces per 1,000 usable square feet.

SECTION 38. BROKERS.

Except for the Specified Brokers described in Section 1 hereof, Landlord and Tenant hereby represent and warrant, each to the other, that they have not disclosed this Lease or the subject matter hereof to, and have not otherwise dealt with, any broker, finder or any other person, firm, corporation or other legal entity so as to create any legal right or claim of whatsoever kind or nature for a commission or similar fee or compensation with respect to the Premises or this Lease. Landlord and Tenant hereby represent that no payment is due Specified Brokers or otherwise as a result of this Lease and that any amounts due have been settled and agreed to by a separate instrument setting forth those amounts. Landlord and Tenant hereby indemnify each other against, and agree to hold each other harmless from, any liability or claim (and all expenses, including attorneys' fees, incurred in defending any such claim or in enforcing this indemnity) for a real estate brokerage commission or similar fee or compensation arising out of or in any way connected with any claimed dealings with the indemnitor and relating to the Premises or this Lease. The provisions of this Section shall survive the expiration or sooner termination of this Lease. The provisions of this Section shall survive the expiration or sooner termination of this Lease.

SECTION 39. NO RECORDING .

Tenant shall not record this Lease or any memorandum or short form hereof without the written consent and joinder of Landlord. Upon Tenant's request, Landlord shall execute a memorandum or short form of this Lease in form reasonably satisfactory to Landlord to be recorded in the land records of the county in which the Premises are located, at Tenant's sole cost and expense. In the event Tenant elects to record a memorandum or short form of this Lease, then upon the termination of this Lease and as a condition precedent to Landlord's obligation to return the Security Deposit as provided for in Section 53 herein, Tenant shall provide Landlord with an executed Notice of Termination in recordable form of the recorded memorandum or short form of this Lease.

SECTION40.MOLD.

Given the climate and humid conditions in Florida, molds, mildew, spores, fungi and/or other toxins may exist and/or develop at and within the Premises in certain circumstances. Tenant is hereby advised that certain molds, mildew, spores, fungi and/or toxins may be, or if allowed to remain for a sufficient period may become, toxic and potentially pose a health risk. To the best of Landlord's knowledge, Landlord represents and warrants as of the date of the Lease that (i) no visible molds, mildew, spores, fungi and/or other toxins are present in or about the Premises ("Visible Mold"), (ii) no molds, mildew, spores, fungi and/or other toxins are present in or about the Premises or the Project in amounts that could or does present a hazard to human health ("Hazardous Mold"); and (iii) no leaks, moisture intrusion or other conditions are present in or about the Premises that have or could reasonably be expected to give rise to Visible Mold or Hazardous Mold.

Subject to other terms and conditions of the Lease, Tenant shall provide appropriate climate control, keep the Premises clean, and take other reasonable measures to retard and prevent mold and mildew from accumulating in the Premises. Tenant agrees to clean and dust the Premises on a regular basis and to promptly remove visible moisture accumulation on windows, walls, floors, ceilings and other surfaces in the Premises upon gaining knowledge of same. Tenant agrees not to block or cover any of the heating, ventilation or air-conditioning ducts in the Premises. Tenant agrees to promptly report to Landlord in writing upon gaining knowledge of any of the following conditions: (i) any evidence of a water leak or excessive moisture in the Premises, as well as in any storage room, garage or other common area for which Tenant is responsible under the Lease; (ii) any evidence of visible mold or mildew like growth in the Premises that cannot be removed by simply applying a common household cleaner and wiping the area;

(iii) any failure or malfunction in the heating, ventilation or air conditioning system in the Premises; and (iv) any inoperable doors or windows in the Premises. A default under the terms of this provision shall be deemed a default under the terms of this Lease which shall be governed by **Section 23**hereof.

SECTION 41. PATRIOT ACT.

A. Tenant represents to the best of Tenant's knowledge that neither Tenant nor its constituents or affiliates are in violation of any laws relating to terrorism or money laundering, including Executive Order No. 13224 on Terrorist Financing effective September 24, 2001 and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the **"Executive Order")** and/or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the **"Patriot Act").**

B. Tenant represents to the best of Tenant's knowledge that neither Tenant nor any of its constituents or affiliates is a **"Prohibited Person"** which is defined as follows (i) a person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order; (ii) a person or entity owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering Law, including the Executive Order and the Patriot Act; (9v) a defined in the Executive Order; (v) a person or entity that is names as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, htti://www.treas.gov/ofac/tllsdn.pdf or at any replacement website or other replacement official publication of such list; and (vi) a person or entity who is affiliated with a person or entity listed above.

C. Tenant represents to the best of Tenant's knowledge that neither Tenant nor any of its affiliates or constituents is or will: (i) conduct any business or engage in any transaction or dealing with any Prohibited Person, including the making or receiving any contribution of funds, goods or services to or for the benefit of any Prohibited Person, (ii) deal in or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order; or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order or the Patriot Act.

D. Tenant covenants and agrees to deliver to Landlord any certification or other evidence requested from time to time by Landlord in its reasonable discretion, confirming Tenant's compliance with this Section.

SECTION 42. CONSTRUCTION OF LANGUAGE.

The terms "Lease", "Lease Agreement" or "Agreement" shall be inclusive of each other, and shall include renewals, extensions or modifications of this Lease. The Section headings and titles are for convenience only and shall have no effect upon the construction or interpretation of any part of this Lease.

This Lease has been prepared by Tenant and its professional advisors and reviewed and revised by Landlord and its professional advisors. Landlord, Tenant and their separate advisors believe that this Lease is the product of their joint efforts, that it expresses their agreement, and that it should not be interpreted in favor of either Landlord or Tenant or against either Landlord or Tenant merely because of their efforts in its preparation.

SECTION 43. LIABILITY OF LANDLORD.

Tenant shall look solely to (i) the estate and property of the Landlord in the Project, (ii) the rents and other income (including, without limitation, insurance proceeds payable to Landlord) from the Project receivable by Landlord, and (iii) the consideration received by Landlord from the sale of all or any part of the Project, for the collection of any judgment, or in connection with any other judicial process, requiring the payment of money by Landlord in the event of any default by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and performed by Landlord, and no other property or estates of Landlord shall be subject to levy, execution or other enforcement procedures for the satisfaction of Tenant's remedies and rights under this Lease. The provisions of this **Section 43** are not designed to relieve Landlord from the performance of any of its obligations hereunder, but rather to limit Landlord's liability in the case of a recovery of a money judgment against Landlord. The foregoing limitation shall not apply to or limit any injunctive or other equitable declaratory or other forms of relief which Tenant may be entitled to. The word "Landlord" as used in this Lease shall mean only the owner from time to time of Landlord's interest in this Lease. In the event of any assignment of Landlord's interest in this Lease, the assignor shall no longer be liable for the performance or observation of any agreements or conditions on the part of Landlord to be performed or observed or arising or accruing subsequent to the effective date of such assignment provided the assignee specifically assumes all such obligations.

SECTION 44. GOVERNING LAW.

This Lease shall be construed and interpreted according to the laws of the State of Florida and venue with respect to any litigation shall be in Palm Beach County, Florida, except as same may be in contravention of applicable law,

SECTION 45. TIME OF ESSENCE.

Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

SECTION 46. ACCORD AND SATISFACTION.

No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated to be paid shall be deemed to be other than on account of the earliest stipulated Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided herein or by law. No acceptance of any Rent by Landlord shall constitute a waiver by Landlord of any prior or subsequent default of Tenant, notwithstanding any knowledge of such default by Landlord at the time of receipt of such Rent.

SECTION 47. ENTIRE AGREEMENT.

This Lease and the **Exhibits "A"**through **"K"** forming a part hereof as if fully set forth herein, constitute all covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premise, and the Project and there are no covenants, promises, conditions or understandings, either oral or written, between them other than are herein set forth. In the event of any conflict between the terms of this Lease and the Exhibits attached hereto, the terms of the Exhibits shall control. Neither Landlord nor Landlord's agents have made nor shall be bound to any representations with respect to the Premises or the Project except as herein expressly set forth, and all representations, either oral or written, shall be deemed to be merged into this Lease Agreement. Except as herein otherwise provided. no subsequent alteration, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties.

SECTION 48. SEVERABILITY.

If one or more of the provisions of this Lease shall, for any reason, be held to be unenforceable in any respect, such enforceability shall not affect any other provision of this Lease.

SECTION 49. INTEREST ON PAST DUE OBLIGATIONS.

Any amount due from either party to the other party hereunder that is not paid within ten (10) days of written demand shall thereafter bear interest at the Stipulated Rate from the date due until paid.

SECTION50.LANDLORD'S LIEN.

As additional security for the performance of Tenant's obligations herein, Tenant hereby pledges and assigns to Landlord all the furniture, fixtures and trade fixtures, such as built in furniture and alike and all window treatments, drapes, flooring systems and other items of personal property which are now or may hereafter be brought on or put in the Premises and further grants to Landlord a security interest therein under the Uniform Commercial Code. For the purpose of securing the performance of all the obligations of Tenant herein, and at the request of Landlord, Tenant hereby agrees to execute and deliver to Landlord all financing statements, amendments thereto or other similar statements which Landlord may request. Nothing herein contained shall be deemed to be a waiver by Landlord of its statuary lien against the property in which Landlord has been granted a security interest by Tenant, for Rent(s) and remedies, rights and privileges of Landlord in the case of default of Tenant as set forth herein and shall not be exclusive; and in addition thereto, Landlord may also exercise and enforce all its rights at law or in equity which it may otherwise have as a result of Tenant's default herein. Landlord is herein specifically granted all of the rights of secured creditor under the Uniform Commercial Code with respect to the property in which Landlord has been granted a security interest by Tenant, including but not limited to the right to take possession of the above-mentioned property and dispose of it by sale in a commercially reasonable manner. Notwithstanding the Landlord's aforementioned statutory or contractual lien rights, so long as Tenant is not in Default of this Lease, beyond any applicable grace period, if applicable, Landlord shall not unreasonably withhold consent to Tenant's request that Landlord subordinate in favor of Tenant's lender(s) (as applicable, the **"Secured Party")**any statutory and contractual lien it may now or hereafter have with respect to Tenant's trade fixtures, equipment, inventory and personal property. Landlord's lien rights shall only be subordinated in favor of the Secured Party for the duration of the security agreement consented to by Landlord. Nothing herein shall be construed to constitute a waiver of Landlord's lien rights. Any request for such subordination shall be accompanied by payment of Landlord's reasonable administrative and attorneys' fees relating thereto.

SECTION 51. RADON DISCLOSURE.

In accordance with the requirements of Florida Statutes Section 404.056(8), the following notice is hereby given to Tenant:

RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your County Public Health Unit.

SECTION 52. WAIVER OF JURY TRIAL.

The parties hereto waive trial by jury in connection with any proceedings or counterclaims brought by either of the parties hereto against the other.

SECTION 53. SECURITY DEPOSIT.

Landlord acknowledges receipt from Tenant of the Security Deposit. The Security Deposit shall be held as collateral security for the payment of rent and other sums of money payable by Tenant under this Lease, and for the faithful performance of all other terms, covenants and conditions of Tenant hereunder; the amount of the Security Deposit, without interest, shall be repaid to Tenant within thirty (30) days after the expiration of the Term, provided Tenant shall have made all payments and performed all terms, covenants and conditions required under this Lease. Upon any Event of Default by Tenant hereunder, all or part of the Security Deposit may, at Landlord's sole discretion, be applied on account of such default, and thereafter Tenant shall restore the resulting deficiency in the Security Deposit within ten (10) days after receipt from Landlord of an invoice therefore. Tenant hereby waives the benefit of any provisions of law requiring the Security Deposit to be held in escrow or in trust, and the Security Deposit shall be deemed to be the property of Landlord and may be co-mingled by Landlord with its own funds. Tenant further acknowledges that the Security Deposit is not be construed as Prepaid Rent by Tenant for the last rental period of the Term.

SECTION 54. NAME OF BUILDING AND PROJECT.

The name of the Project is **"BOCA TOWN PARTNERS PLAZA".** Landlord shall not have the right to change the name of the Project at anytime.

SECTION 55. **EXCUSE OF PERFORMANCE.**

If either party to this Lease, as the result of any (i) strikes, lockouts or labor disputes, (ii) inability to obtain labor or materials or reasonable substitutes therefor, (iii) acts of God, governmental action, condemnation, civil commotion, fire or other casualty, or (iv) other conditions similar to those enumerated in this Section (other than inability to pay monies due under this Lease) beyond the reasonable control of the party obligated to perform, fails punctually to perform any non-monetary obligation on its part to be performed under this Lease, then such failure shall be excused and not be a breach of this Lease by the party in question, but only to the extent occasioned by such event. If any right or option of either party to take any action under or with respect to this Lease is conditioned upon the same being exercised within any prescribed period of time or at or before a named date, then such prescribed period of time and such named date shall be deemed to be extended or delayed, as the case may be, for a period equal to the period of the delay occasioned by any event described above.

SECTION 56. TENANT'S REPRESENTATIONS.

Tenant, in order to induce Landlord to enter into this Lease, hereby represents:

A. That Tenant has full power and authority to conduct its business as presently conducted and to enter into this Lease. That this Lease has been duly authorized, executed and delivered by Tenant and constitutes and legal and binding obligation of Tenant.

B. That the execution, delivery and performance of this Lease will not conflict with, be inconsistent with, or result in any breach or default of any of the terms, covenants, conditions or provisions of any indenture, mortgage, bank loan, credit agreement, deed of trust, instrument, document, agreement or contract of any kind or nature to which Tenant is a party or by which Tenant may be bound.

C. That, to the best of Tenant's knowledge, no litigation or proceedings (or threatened litigation or proceeding or basis therefor) exists which could materially and adversely affect the ability of Tenant to perform its obligations under this Lease or which would constitute a default on the part of Tenant under this Lease, or which would constitute such a default with the giving of notice or lapse of time, or both.

SECTION 57. **LAWS AND ORDINANCES.**

A. Tenant, at its expense, agrees to comply with all **"Governmental Requirements"** (as hereinafter defined) regarding Tenant's permitted use of the Premises or regarding the Tenant's Work or subsequent alterations to the Premises made by Tenant.

B. Landlord, at its expense, shall comply with all Governmental Requirements with respect to Landlord's operation of the Building and to that portion of the Project owned by Landlord.

IN **WITNESS WHEREOF,** Landlord and Tenant have executed this Lease, or have caused the same to be executed as of the day and year first above written.

Signed, sealed and delivered in the presence of

/s/ Thomas Hotz

Thomas Hotz

LANDLORD:

BOCA TOWN PARTNERS, LLC.

/s/ Andres Smith

Andres Smith
Vice President

TENANT:

ANCHOR FUNDING SERVICES, LLC

/s/ Brad Bernstein

Brad Bernstein
President

EXHIBIT A

BUILDING LAND LEGAL DESCRIPTION

Parcel E, of BOCA VILLAGE MASTER PLAT, according to the Plat thereof, as recorded in Plat Book 102, Page 80, of the of the Public Records of Palm Beach County. Florida.

Together with:

A non-exclusive easements for ingress and egress, utilities and drainage as established by that certain Declaration of Reciprocal Easements by and among Boca Village, LLC., Silver Finance Company, SBOC, LLC and South Florida Regional Transportation Authority, joined by mortgagee(s) of record, if any, dated the 15th day of August, 2003 and recorded in Official Records Book 15711, Page 1080, together with First Amendment to Declaration of Reciprocal Easements recorded in Official Records Book 16641, Page 1933, both of the Public Records of Palm Beach County, Florida; and

A non-exclusive easements for ingress and egress as established by that certain Declaration of Easements by Boca Technology Center, LLC., and City of Boca Ratan, joined by Mortgagee(s) of record, If any, dated the 15th day of August, 2003 and recorded in Official Records Book 15711, Page 838, of the Public Records of Palm Beach County, Florida; and

A perpetual non-exclusive easement right(s) as contained in that certain Declaration of Covenants and Restrictions for T-Rex Corporate Center dated November 13, 2004 and recorded December 5, 2004 In Official Records Book 14478, Page 499 and amended In Official Records Book 14869, Page 1796, of the Public Records of Palm Beach County, Florida.

AND

Parcel F, of BOCA VILLAGE MASTER PLAT, according to the Plat thereof, as recorded In Plat Book 102, Page 80, of the of *the* Public Records of Palm Beach County, Florida:

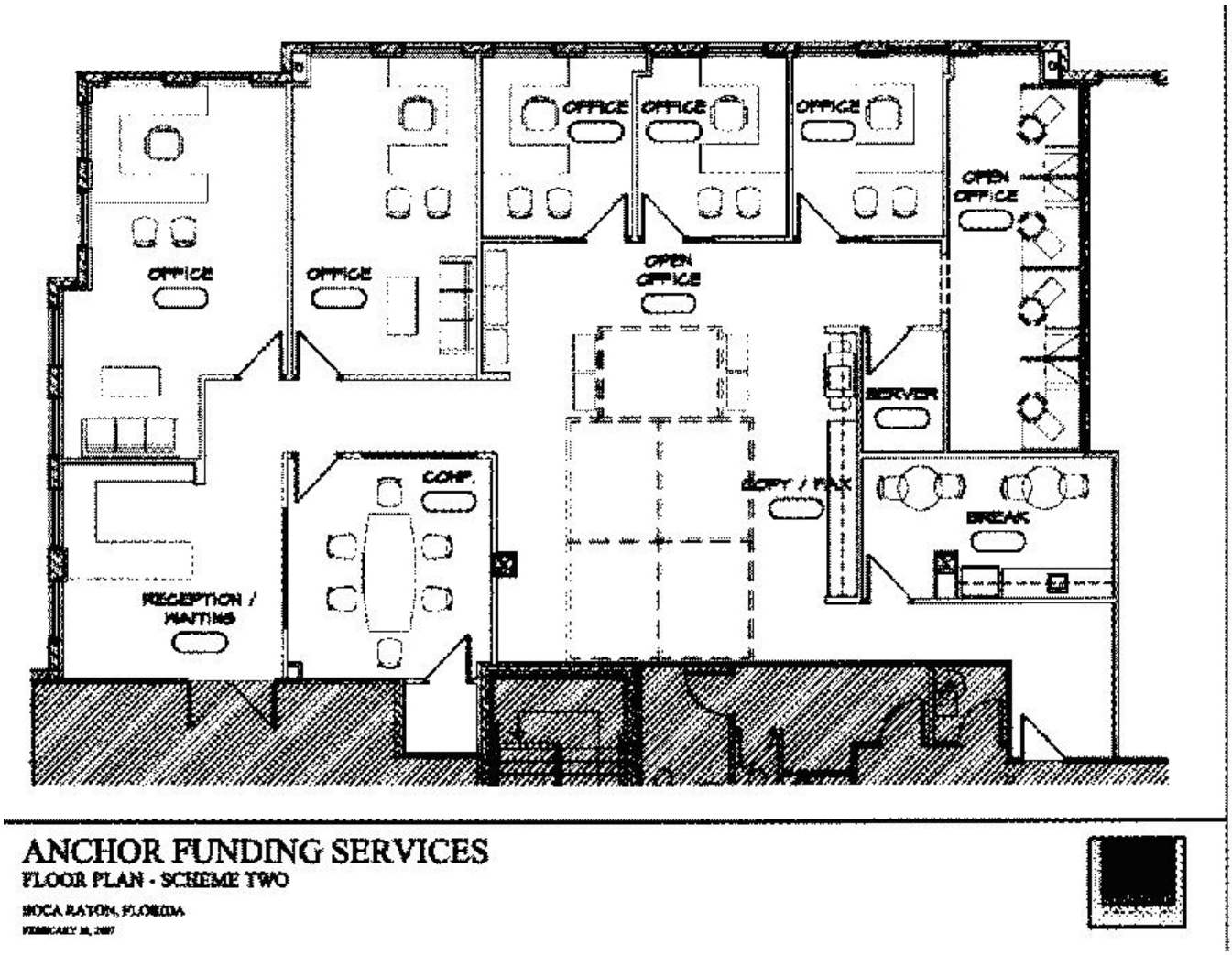
Together with:

A non-exclusive easements for Ingress and egress, utilities and drainage as established by that certain Declaration of Reciprocal Easements by and among Boca Village, LLC., Silver Finance Company, SOBC, LLC and South Florida Regional Transportation Authority, joined by mortgagee(s) of record, if any, dated the 15th day of August, 2003 and recorded in Official Records Book 15711, Page 1080, together with First Amendment to Declaration of Reciprocal Easements recorded in Official Records Book 16641, Page 1933, both of the Public Records of Palm Beach County, Florida; and

A non-exclusive easements for ingress and egress as established by that certain Declaration of Easements by Boca Technology Center, LLC., and City of Boca Raton, joined by Mortgagee(s) of record. if any, dated the 15th day of August, 2003 and *recorded* in Official Records Book 16711, Page 838, of the Public Records of Palm Beach County, Florida: and

A perpetual non-exclusive easement right(s) as contained in that certain Declaration of Covenants and Restrictions for T-Rex Corporate Center dated November 13, 2004 and recorded December 5, 2004 in Official Records Book 14478, Page 499 and amended in Official Records Book 14869, Page 1796, of the Public Records of Palm Beach County, Florida.

EXHIBIT "B"
PREMISES FLOOR PLAN



ANCHOR FUNDING SERVICES
FLOOR PLAN - SCHEME TWO

EXHIBIT "C"
PROJECT SITE PLAN

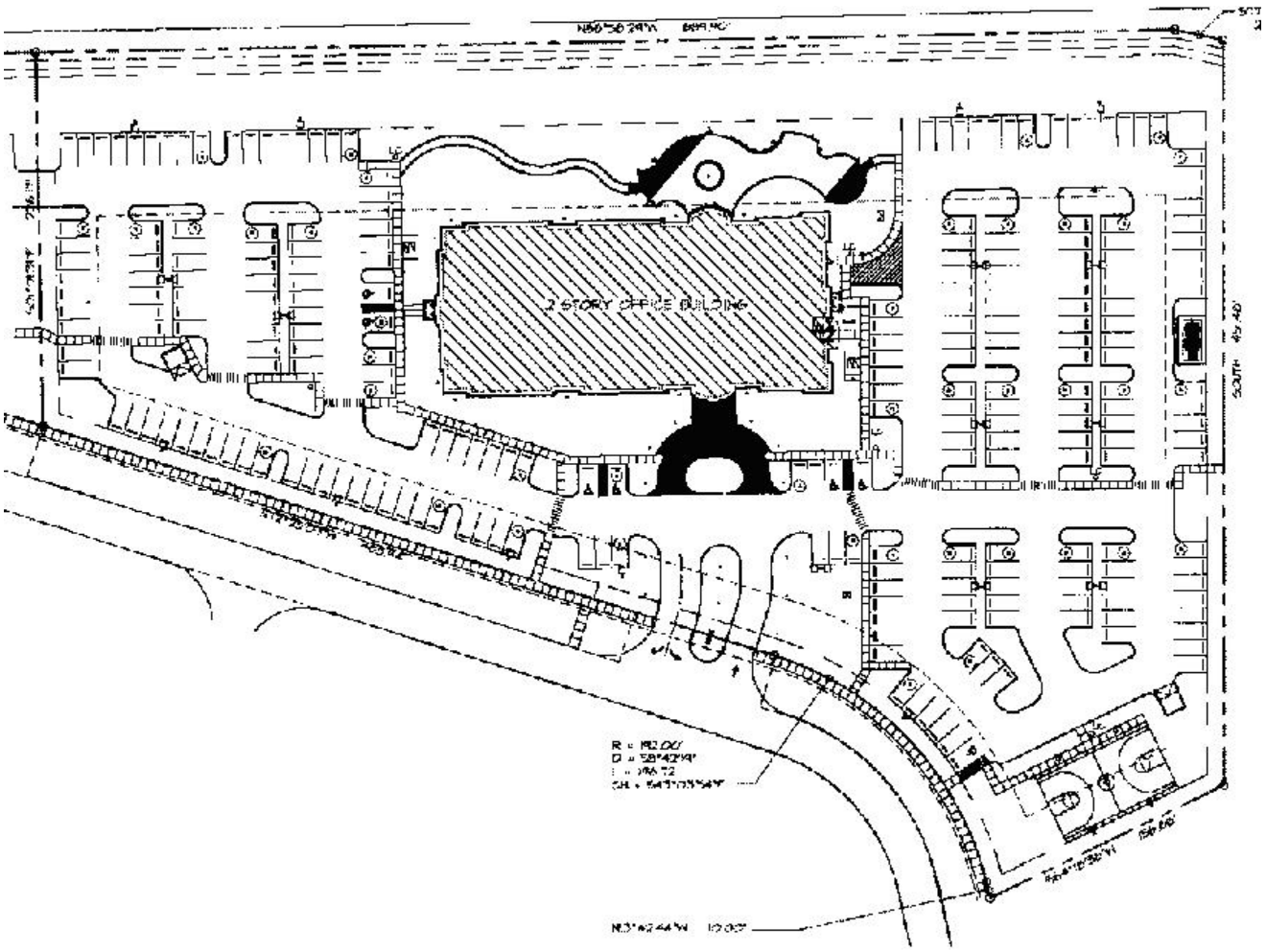


Exhibit C-1

EXHIBIT "D"
EXCLUSIONS TO OPERATING COSTS

In calculating the Tenant's Proportionate Share of Operating Costs, the floor **core area** of the Building, including the stairwells and elevators shall be not be included in the calculation.

Notwithstanding anything to the contrary contained in the Lease in the definition of "Operating Costs," Operating Costs shall not include:

(i) Any ground lease rental;

(ii) Costs of capital improvements and equipment; except for those acquired to reduce common area operating expenses (amortized at an annual rate reasonably calculated to equal the amount of operating expenses to be saved in each calendar year throughout the Term (as determined at the time landlord elected to proceed with the capital improvement or acquisition of the capital equipment to reduce common area operating expenses)), together with interest at the actual interest rate incurred by Landlord;

(iii) Rentals for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased, rather than rented, would constitute a capital improvement which is specifically excluded in **Subsection (ii),** above (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);

(iv) Costs incurred by Landlord for the repair of damage to the building, to the extent that Landlord is reimbursed by insurance proceeds or would have been reimbursed by insurance proceeds had Landlord maintained the insurance coverage required under the Lease, or repairs or rebuilding necessitated by condemnation or conveyance in lieu thereof;

(v) Costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for tenants or other occupants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building;

(vi) Depreciation, amortization and interest payments, except as provided herein and except on materials, tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third parry where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with generally accepted accounting principles, consistently applied, and when depreciation or amortization is permitted or required; the item shall be amortized over its reasonably anticipated useful life;

(vii) Marketing costs including leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Building;

(viii) Costs incurred by Landlord for alterations which are considered capital improvements and replacements under generally accepted accounting principles, consistently applied, except as permitted in (ii) and (iii) above;

(ix) Costs of a capital nature, including, without limitation, capital improvements, capital repairs, capital equipment and capital tools, all as determined in accordance with generally accepted accounting principles, consistently applied, except as permitted in (ii) and (iii) above;

(x) Expenses in connection with services or other benefits which are not offered to Tenant or for which Tenant is charged for directly but which are provided to another Tenant or occupant of the Building the cost of which is included as Operating Costs;

(xi) Costs, including, without limitation, attorneys fees, incurred by Landlord due to the violation by Landlord of the terms and conditions of any lease of space in the Building;

(xii) Overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in the Building to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;

(xiii) Interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Building or the site;

(xv) Landlord's general corporate overhead and general and administrative expenses;

(xv) Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord or in any parking lot or garage of the Building or wherever Tenant is granted its parking privileges and/or all fees paid to any parking facility operator (on or off site) (provided, however, if Landlord provides such parking free of charge to Tenant, these expenses may be included as Operating Expenses);

(xvi) Except for making repairs or keeping permanent systems in operation while repairs are being made, rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature, except equipment not affixed to the Building which is used in providing janitorial or similar services;

(xvii) Advertising and promotional expenditures, and costs of signs in or on the building identifying the owner of the building or other tenants' signs;

(xviii) Electric power costs for which any tenant directly contracts with the local public service company;

(xix) Intentionally Omitted;

(xx) Costs incurred in connection with upgrading the Building to comply with handicap, life, fire and safety codes or any other governmental law, code, ordinance or regulation in effect prior to the Commencement Date;

(xxi) Any other expenses which, in accordance with generally accepted accounting principles, consistently applied, would not normally be treated as Operating Costs by owners of comparable first-class buildings;

(xxii) Tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments and/or to file any income tax or informational returns when due;

(xxiii) All assessments and premiums which are not specifically charged to Tenant because of what Tenant has done, which can be paid by Landlord in installments, shall be paid by Landlord in the maximum number of installments permitted by law and not included as common area operating expenses except in the year in which the assessment or premium installment is actually paid; provided, however, that if the prevailing practice in other comparable office buildings in the vicinity of the building to pay such assessments or premiums on an earlier basis, such assessments or premiums shall be included in Operating Expenses as paid by Landlord; in no event, however, shall Landlord include any accrued interest (resulting from such assessments or premiums) in its computation of common area operating expenses;

(xxiv) Costs for capital improvements to reduce common area operating expenses in excess of the amount reasonably anticipated to constitute cost savings;

(xxv) Costs for capital improvements to reduce common area operating expenses performed by the Landlord during the last year of the lease term;

(xxvi) Costs for which Landlord has been compensated by a management fee; any management or administrative fee which, in the aggregate, exceeds what is customarily charged to tenants of first class office buildings in Boca Raton, Florida area;

(xxvii) Costs associated with the operation of the business of the partnership or entity which constitutes Lessor as the same are distinguished from the costs of the Building, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building, costs of any disputes between Landlord and its employees (if any) not engaged in Building operation, disputes of Landlord with Building management, or outside fees paid in connection with disputes with other tenants.

(xxviii) Costs arising from the negligence of Landlord or its agents, or any vendors, contractors, or providers of materials or services selected, hired or engaged by Landlord or its agents including, without limitation, the selection of building materials;

(xxix) Notwithstanding any contrary provision of this Lease, including, without limitation, any provision relating to capital expenditures, costs arising from the presence of hazardous materials or substances in or about the Building or Project including, without limitation, hazardous substances in the ground water or soil;

(xxx) Costs arising from Landlord's or other tenant's negligence or intentional acts, unless caused by Tenant's construction of the tenant improvements;

(xxxi) Costs arising from Landlord's charitable or political contributions;

(xxxii) Costs arising from latent defects in the base, shell or core of the building or improvements installed by Landlord or repair thereof;

(xxxiii) Costs of sculpture, paintings or other subjects of art; and

(xxxiv) Costs (including in connection therewith all attorneys; fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims litigation or arbitrations pertaining to the Landlord and/or the Building and/or the Project.

Each time Landlord provides Tenant with an actual and/or estimated statement of Operating Costs, such statement shall be itemized on a line item by line item basis, showing the applicable expense for the applicable year and the year prior to the applicable year.

EXHIBIT "E"
LANDLORD'S WORK

Landlord is responsible for any and all costs and expense relating the Tenant's "turnkey" build out per plan above, which materials and style shall be per Building Standard which is substantially similar to present build out on 2nd floor. The outline of the specifications of the build out, per plan above are on the following Exhibit "E" pages.

EXHIBIT "F"
TENANT'S WORK

All Tenant Improvement work is to be completed and overseen by the Landlord's contractors and staff. Tenant shall be responsible only for the cost of such items or extras that are not Building Standard materials or costs that are not included in Landlord's Work (Exhibit "E"), as per below.

Tenant is responsible for the cost of the following:

EXHIBIT "F"
NOT APPLICABLE

EXHIBIT "G"
NOT APPLICABLE

EXHIBIT "H"
NOT APPLICABLE

EXHIBIT "1"
SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") executed between , **a**

("Mortgagee") and Anchor Funding Services, LLC **("Tenant").**

WITNESSETH:

WHEREAS, Boca Town Partners, LLC, a Florida limited liability company **("Landlord")** has entered into a certain lease **("Lease")** with Tenant dated , 20, relating to certain

premises located in Palm Beach County, Florida ("Premises"), said Premises being more particularly described in said Lease and being situated on a portion of the real property described in **Exhibit "A"** attached hereto and made a part hereof ("Property"); and

WHEREAS, Mortgagee [has committed to make a] [has made a] mortgage loan to Landlord in the original principal amount of_____ THOUSAND DOLLARS AND NO/100 ($_____) secured by a Mortgage [dated_____] (**"Mortgage")**covering the Property [, which Mortgage is recorded in Book, Page____, of_____].

NOW, THEREFORE, it is mutually agreed as follows:

1. The Lease is and shall be subject and subordinate to the Mortgage and to all renewals, modifications, consolidations, replacements and extensions of the Mortgage.

2, In the event of a foreclosure of the Mortgage or should Mortgagee obtain title by deed in lieu thereof, or otherwise, Mortgagee, for itself, its successors or assigns, agrees that Tenant may continue its occupancy of the Premises in accordance with the terms and provisions of the Lease, so long as Tenant continues to pay rent and otherwise to perform its obligations thereunder. Mortgagee agrees not to name Tenant as a party defendant in any foreclosure action.

3. Tenant agrees to attorn to: (a) Mortgagee when in possession of the Property; (b) a receiver appointed in an action or proceeding to foreclose the Mortgage or otherwise; or (c) to any party acquiring title to the Property as a result of foreclosure of the Mortgage or deed in lieu thereof. Tenant further covenants and agrees to execute and deliver, upon request of Mortgagee, or its assigns, an appropriate agreement of attornment with any subsequent titleholder of the Property.

4. So long as the Mortgage on the Property remains outstanding and unsatisfied, Tenant will deliver to Mortgagee a copy of all notices permitted or required to be given to Landlord by Tenant pursuant to which Tenant proposes to terminate or cancel the Lease, and that no such notices to Landlord shall be effective, unless a copy of such notice is also delivered to Mortgagee. At any time before the rights of Landlord shall have been forfeited or any cure period(s) afforded to Landlord under the Lease shall have expired because of any default or failure of performance under the Lease as therein provided, Mortgagee shall have the right (but not the obligation) to cure such default or failure of performance within thirty (30) days from Mortgagee's receipt of such written notice from Tenant stating the nature of such default or failure of performance or such longer period of time as may be reasonably required to cure, provided Mortgagee commences to cure within such thirty (30) day period and thereafter diligently pursues such cure to completion.

5. Tenant certifies that the Lease has been duty executed by Tenant; that no rent under the Lease has been paid more than thirty (30) days in advance of its due date; and that Tenant, as of this date, has no charge, lien or claim of offset under the Lease, or otherwise, against the rents or other charges due or to become due thereunder.

6. If Mortgagee shall succeed to the interest of Landlord under the Lease, Mortgagee shall be bound to Tenant under all the terms, covenants and conditions of the Lease, and Tenant shall, from and after Mortgagee's succession to the interest of Landlord under the Lease, have the same remedies against Mortgagee for the breach of an agreement contained in the Lease that Tenant might have had under the Lease against Landlord if Mortgagee had not succeeded to the interest of Landlord; provided further, however, that Mortgagee shall not be:

(a) liable for any warranty, act or omission of any prior landlord (including Landlord), although Mortgagee shall be subject to the offset rights of the Tenant under the Lease as contemplated in subparagraph (b) below; or

(b) subject to any offsets or defense which Tenant might have against any prior landlord (including Landlord), except as specifically set forth in the Lease and except those which arose out of such landlord's default under the Lease and accrued after Tenant has notified Mortgagee and given Mortgagee an opportunity to cure as provided herein; or

(c) bound by any rent or additional rent which Tenant might have paid for more than the current month to any prior landlord (including Landlord); or

(d) bound by any material amendment or modification of the Lease or any collateral agreement made without Mortgagee's consent (excluding any permitted assignments as provided by the terms of the Lease.

7. Mortgagee consents to the application of casualty and condemnation proceeds in

accordance with the terms and provisions of the Lease.

8. This Agreement shall be binding upon and inure to the benefit of the heirs, successors

and assigns of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date indicated below their respective signatures.

MORTGAGOR:

Signed, sealed and delivered in the presence of:

By: /s/

Print Name:
Its:

STATE OF_____)
) SS:
COUNTY OF_____)

The foregoing instrument was acknowledged before me this_____ day of_____ , 20___
by_____
_____as_____ of_____,
a_____ on behalf of the company. He/she personally appeared before me, is personally known to me or produced_____ as identification.

Notary:_____
Print Name:_____
[NOTARY SEAL] Notary Public, State of_____
My commission
expires:_____

STATE OF_____)
)
COUNTY OF

The foregoing instrument was acknowledged before me this_____ day of _____, 20_
by_____
as_____of Anchor Funding Services, LLC on behalf of the company. He/she personally appeared before me, is personally known to me or produced_____ as identification.

Notary:_____
Print Name:_____
[NOTARY SEAL] Notary Public, State of_____
My commission
expires:_____

EXHIBIT "J"
RULES AND REGULATIONS

1. Landlord agrees to furnish Tenant with keys or key cards without charge. Additional keys or key cards shall be furnished at a nominal charge. Tenant shall not change locks or install additional locks on doors without the prior written consent of Landlord. Tenant shall not make or cause to be made duplicates of keys or key cards without the prior approval of Landlord. All keys or key cards to the Premises shall be surrendered to Landlord upon termination of this Lease.

2. Tenant shall refer all contractor's representatives and installation technicians rendering any service for Tenant at the Premises to Landlord before performance of any contractual service. Tenant's contractors and installation technicians shall comply with Landlord's reasonable rules and regulations pertaining to construction and installation. This provision shall apply to all work performed on or about the Premises or Project including installation of telephones, equipment, electrical devices and attachments and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings and equipment or any other physical portion of the Premises or Project.

3. Tenant shall not at any time occupy any part of the Premises or Project as sleeping or lodging quarters.

4. Tenant shall not place, install or operate on the Premises or in any part of the Building any engine, stove or machinery, conduct mechanical operations, cook thereon or therein or place or use in or about the Premises or Project any explosives, gasoline, kerosene, oil, acids, caustics, flammable explosives or hazardous material without the written consent of Landlord.

5. Landlord shall not be responsible for lost or stolen personal property, equipment, money or jewelry from the Premises or the Project regardless of whether or not such loss occurs when the area is locked against entry.

6. No dogs, cats, fowl or other animals (other than seeing-eye dogs or other such assistance animals) shall be brought into or kept in or about the Premises or Project.

7. Employees of Landlord shall not receive or carry messages for or to any tenant or other person nor shall they render free or paid services to any tenant, its agents, employees or invitees.

8. None of the parking plaza, recreation or lawn areas, entries, passages, doors, elevators, hallways or stairways shall be locked or obstructed with any rubbish, litter, trash or material of any nature which would be placed, emptied or thrown into these areas by Tenant's agents, employees or invitees at any time.

9. The water closets and other water fixtures shall not be used for any purpose other than those for which they were constructed. Any damage resulting to them from misuse or by the defacing of any part of the Building shall be borne by the person who shall occasion it. No person shall waste water by interfering with the faucets or otherwise.

I0. No person shall disturb occupants of the Building by the unreasonable use of any radios, cd players, tape recorders, musical instruments, the making of unseemly noises or any other unreasonable use.

1 1 Nothing shall be thrown out of the windows of the Building or down the stairways or

other passages.

12. Tenant, its employees, agents and invitees shall park their vehicles only in those parking areas designated by Landlord, which such areas are identified on the site plan attached to the Lease as

"Exhibit C". Tenant shall furnish Landlord within five (5) days after Landlord's request therefor state automobile license numbers of all Tenant's vehicles. Tenant shall notify Landlord of any changes within five (5) days after such change occurs. Tenant shall not abandon any vehicle at the Project. If Tenant, its employees, agents or invitees park their vehicles in areas other than the designated parking areas or leave any vehicle in a state of disrepair, Landlord, after giving written notice to Tenant of such violation, shall have the right to remove such vehicle at the owner's expense.

13. Parking in the parking lot shall be in compliance with all parking rules and regulations including any sticker or other identification system reasonably established by Landlord. Failure to observe the rules and regulations shall subject the vehicle in violation to removal and/or impoundment. Vehicles must be parked entirely within the stall lines and all directional signs, arrows and posted speed limits must be observed. Parking is prohibited in areas not striped for parking, in aisles, where "No Parking" signs are posted, on ramps in cross hatched areas and in other areas as may be designated by Landlord. Parking stickers or other forms of identification supplied by Landlord shall remain the property of Landlord and not the property of Tenant and are not transferable. All responsibility for damage to vehicles or persons is assumed by the owner of the vehicle or its driver.

14. Movement of furniture or office supplies and equipment, in or out of the Building, dispatch or receipt by Tenant of any merchandise or materials which requires use of elevators or stairways, or movement through the Building entrances or lobby shall be restricted to hours reasonably designated by Landlord. All such movement shall be under the supervision of Landlord and carried out in the manner agreed to between Tenant and Landlord by prearrangement. Such prearrangement will include reasonable determination by Landlord of time, method and routing of movement and limitations imposed by safety or other concerns which may prohibit any article, equipment or any other item from being brought into the Building. Tenant shall indemnify Landlord against all risks and claims of damage to person and property arising in connection with any said movement, except to the extent same result from the negligence or willful misconduct of Landlord or Landlord's employees or agents.

15. Landlord shall not be liable for any damages from the storage of elevators for necessary or desirable repairs or improvements or delays of any sort in connection with the elevator service.

16. Tenant shall not lay floor covering within the Premises without written reasonable approval of Landlord. The use of cement or other similar adhesive materials not easily removed with water is expressly prohibited without Landlord's prior consent.

17. Tenant agrees to cooperate with and assist Landlord in the prevention of canvassing, soliciting and peddling within the Project.

18. Landlord reserves the right to exclude from the Building or Project outside of Normal Business Hours (as defined in the Lease) all persons who are not known to the Building or Project security personnel and who do not present a pass signed by Tenant or arc otherwise authorized by Tenant pursuant to such procedures implemented by Landlord from time to time in Landlord's counterclaim - reasonable discretion.

19. It is Landlord's desire to maintain in the Building or Project the highest standard of dignity and good taste consistent with comfort and convenience for all Tenants. Any action or condition not meeting this high standard should be reported directly to Landlord. Your cooperation will be mutually beneficial and sincerely appreciated.

20. Landlord reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be necessary for the safety, care and cleanliness of the Premises and for the preservation of good order therein, provided, however, to the extent any such rules and regulations shall conflict with the terms of the Lease, the terms of the Lease shall control and prevail.

EXHIBIT "K"

COMMENCEMENT DATE MEMORANDUM AND

CONFIRMATION OF LEASE TERMS

Reference is made to that certain Lease Agreement **("Lease")** dated , 2007,

between Anchor Funding Services, LLC **("Tenant"),** and Boca Town Partners, LLC, a Florida limited liability company **("Landlord"),** whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the shopping center located at **800 Yamato Road, Suite 102, Boca Raton, Florida 33431 ("Premises").**

Landlord and Tenant hereby acknowledge as follows:

(1) Landlord delivered possession of the Premises to Tenant with **Landlord's work complete** on

(2) Tenant has accepted possession of the Premises and now occupies the same;

(3) The initial term of the Lease commenced on **("Rent Commencement Date")** and will expire on **("Termination Date");**

(4) The Premises contain approximately 2,875 rentable square feet of space;

(5) The building in which the Premises are located contains approximately 4,8111 rentable square feet of space; and

IN WITNESS WHEREOF, this Commencement Date Memorandum and Confirmation of Lease Terms is executed this day of , 20 .

TENANT

Anchor Funding Services, LLC
By:
Name:
Its:

LANDLORD

Boca Town Partners, LLC,
a Florida limited liability company

By:
Name:
Its:

Highland Realty & Development
10801 Johnston Road
Suite 116
Charlotte, NC 28226
Phone: 704-542-8348, Fax: 704-542-8281

REALTOR° *North Carolina Association of REALTORS**

COMMERCIAL LEASE AGREEMENT
(Multi-Tenant Facility)

THIS LEASE AGREEMENT, including any and all addenda attached hereto ("Lease"), is by and between

Whitewoods, LLC

, a(n) Corporate ("Landlord"),
(individual *or* State of formation and type of entity)

whose address is 5516 37th Street NW Gig Harbor WA 98335 and Anchor Funding Services, LLC

a(n) North Carolina Limited Liability("Tenant").
(individual *or* State of formation and type of entity)
whose address is 10801 Johnston Road Suite 209-210 Charlotte NC 28226

o if this box is checked, the obligations of Tenant under this Lease are secured by the guaranty ofn/a (name(s) of guarantor(s)) attached hereto and incorporated herein by reference.
(Note: Any guaranty should be prepared by an attorney at law.)

For and in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

PREMISES/PROPERTY
(Note: **In this paragraph, Premises is the actual space being leased and Property is the broader site/location of the Premises.)**

1. (a) Landlord leases unto Tenant, and Tenant hereby leases and takes upon the terms and conditions which hereinafter appear, those certain premises depicted on **Exhibit** A attached hereto and incorporated herein by reference (hereinafter called the "Premises"), which is a part of a building or buildings located at the Property (defined below).

The address of the Premises is:

(Address):
10801 Johnston Road Suite 209/210 Charlotte NC 28226

(b) The Premises is located at the following described property ("Property"):

(Address):
10801 Johnston Road Charlotte NC 28226

xAll q A portion of the property in Deed Reference: Book 16948 , Page No. 259, n/a County; consisting of approximately n/a acres.

Plat Reference: Lot(s) n/a , Block or Section n/a , as shown on Plat Book or Slide n/a at Page(s) n/a n/a County, consisting of n/a acres.

q If this box is checked, Property shall mean that property described on **Exhibit B** attached hereto and incorporated herewith by reference.

(For information purposes only, the tax parcel number of the Property is:22145539

All facilities furnished at the Property and designated for the general use, in common, of occupants of the Property and their invitees, agents or employees, including Tenant hereunder, including but not limited to parking areas, streets, driveways, sidewalks, canopies, roadways, loading platforms, shelters, ramps, landscaped areas, exterior water faucets, irrigation systems, exterior lighting fixtures, signs and other facilities whether of a similar or dissimilar nature ("Common Areas") shall at all times be subject to the exclusive control and management of Landlord, and Landlord shall have the right from time to time to change the area, level, location and arrangement of the Common Areas and to restrict parking by tenants and their employees to employee parking areas, to make Rules and Regulations (as herein defined) and do such things from time to time as in Landlord's reasonable discretion maybe necessary regarding the Common Areas.

Tenant shall also have a non-exclusive right, in common with other tenants at the Property, to the use of the Common Areas at the Property. subject to the terms hereof.

TERM

2. The term of this Lease shall commence on *June* 01, 2007 ("Lease Commencement Date"), and shall end at midnight on **May 30, 2009** , unless sooner terminated as herein provided. The first Lease Year Anniversary shall be the date twelve (12) calendar months after the first day of the first full month immediately following the Lease Commencement Date and successive Lease Year Anniversaries shall be the date twelve (12) calendar months from the previous Lease Year Anniversary.

☐ If this box is checked, Tenant shall have the option of renewing this Lease, upon written notice given to Landlord at least **90** days prior to the end of the then expiring term of this Lease, for **One** additional term(s) of **Two** years each.

☐ **Option to Lease-** If this box is checked, Tenant, upon the payment of the sum of $ n/a (which sum is not rental

or security deposit hereunder, but is consideration for this Option to Lease and is non-refundable under any circumstances) shall havea period of n/a days prior to the Lease Commencement Date ("Option Period") in which to inspect the Premises and make inquiry regarding such sign regulations, zoning regulations, utility availability, private restrictions or permits or other regulatory requirements as Tenant may deem appropriate to satisfy itself as to the use of the Premises for Tenant's intended purposes. Tenant shall conduct all such on-site inspections, examinations, inquiries and other review of the Premises in a good and workmanlike manner, shall repair any damage to the Premises caused by Tenant's entry and on-site inspections and shall conduct same in a manner that does not unreasonably interfere with Landlord's or any tenant's use and enjoyment of the Property. In that respect, Tenant shall make reasonable efforts to undertake on-site inspections outside of the hours any tenant's business is open to the public and shall give prior notice to the tenant at the Premises of any entry onto the Premises for the purpose of conducting inspections. Upon Landlord's request, Tenant shall provide to Landlord evidence of general liability insurance. Tenant shall also have a right to review and inspect all contracts or other agreements affecting or related directly to the Premises and shall be entitled to review such books and records of Landlord that relate directly to the operation and maintenance of the Premises, provided, however, that Tenant shall not disclose any information regarding the Property (or any tenant therein) unless required by law and the same shall be regarded as confidential, to any person, except to its attorneys, accountants, lenders and other professional advisors, in which case Tenant shall obtain their agreement to maintain such confidentiality. Tenant assumes all responsibility for the acts of itself, its agents or representatives in exercising its rights under this Option to Lease and agrees to indemnify and hold Seller harmless from any damages resulting therefrom. This indemnification obligation of Tenant shall survive the termination of this Option to Lease or this Lease. Tenant shall, at Tenant's expense, promptly repair any damage to the Premises or Property caused by Tenant's entry and on-site inspections. **IF TENANT CHOOSES NOT TO LEASE THE PREMISES, FOR ANY REASON OR NO REASON, AND PROVIDES WRITTEN NOTICE TO LANDLORD THEREOF PRIOR TO THE EXPIRATION OF THE OPTION PERIOD, THEN THIS LEASE SHALL TERMINATE AND NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATIONS HEREUNDER AND LANDLORD SHALL RETURN TO TENANT ANY RENTAL OR SECURITY DEPOSIT PAID TO LANDLORD HEREUNDER.** Tenant shall be deemed to have exercised its Option to Lease and to be bound under the terms of this Lease if (i) Tenant shall occupy the Premises prior to the expiration of the Option Period, whereupon the date of occupancy shall be deemed the Lease Commencement Date, or (ii) Tenant shall not provide written notice to Landlord of its termination of this Lease prior to the expiration of the Option Period.

RENTAL

3. Beginning on June 01, 2007 ("Rent Commencement Date"), Tenant agrees to pay Landlord (or its Agent as directed by Landlord), without notice, demand, deduction or set off, an annual rental of **$18** , 000 , payable in equal monthly installments of $ 1500.00, in advance on the first day of each calendar month during the term hereof. Upon execution of this Lease, Tenant shall pay to Landlord the first monthly installment of rent due hereunder. Rental for any period during the term hereof which is less than one month shall be the pro-rated portion of the monthly installment of rental due, based upon a 30 day month.

x if this box is checked, the annual rental payable hereunder (and accordingly the monthly installments) shall be adjusted everyDne Lease Year Anniversary by 4% over the amount then payable hereunder. In the event renewal of this Lease is provided for in paragraph 2 hereof and effectively exercised by Tenant, the rental adjustments provided herein shall apply to the term of the Lease so renewed, or

q If this box is checked, the annual rental payable hereunder (and accordingly the monthly installments) shall be adjusted everyn/a Lease Year Anniversary by $ n/a over the amount then payable hereunder. In the event renewal of this Lease is provided for in paragraph 2 hereof and effectively exercised by Tenant, the rental adjustments provided herein shall apply to the term of the Lease so renewed,

x If this box is checked, Tenant shall pay all rental to Landlord's Agent at the following address: Highland Realty & Development, Ltd. 10801 Johnston Road Suite 116 Charlotte NC 28226

LATE CHARGES

4. If Landlord fails to receive full rental payment within 10 days after it becomes due, Tenant shall pay Landlord, as additional rental, a late charge equal to ten percent 10 (%) of the overdue amount or $ n/a whichever is greater, plus any actual bank fees incurred for dishonored payments. The parties agree that such a late charge represents a fair and reasonable estimate of the cost Landlord will incur by reason of such late payment.

SECURITY DEPOSIT

5. Upon the execution of this Lease, Tenant shall deposit with Landlord the sum of $ 1500.00 as a security deposit which shall be held by Landlord as security for the full and faithful performance by Tenant of each and every term, covenant and condition of this Lease. The security deposit does not represent payment of and Tenant shall not presume application of same as payment of the last monthly installment of rental due under this Lease. Landlord shall have no obligation to segregate or otherwise account for the security deposit except as provided in this paragraph 5. If any of the rental or other charges or sums payable by Tenant shall be over-due and unpaid or should payments be made by Landlord on behalf of Tenant, or should Tenant fail to perform any of the terms of this Lease, then Landlord may, at its option, appropriate and apply the security deposit, or so much thereof as may be necessary, to compensate toward the payment of the rents, charges or other sums due from Tenant, or towards any loss, damage or expense sustained by Landlord resulting from such default on the part of the Tenant; and in such event Tenant upon demand shall restore the security deposit to the amount set forth above in this paragraph 5. In the event Tenant furnishes Landlord with proof that all utility bills and other bills of Tenant related to the Premises have been paid through the date of Lease termination, and performs all of Tenant's other obligations under this Lease, the security deposit shall be returned to Tenant within sixty (60) days after the date of the expiration or sooner termination of the term of this Lease and the surrender of the Premises by Tenant in compliance with the provisions of this Lease.

q If this box is checked, Agent shall hold the security deposit in trust and shall be entitled to the interest, if any, thereon.

UTILITY BILLS/SERVICE CONTRACTS

6. Landlord and Tenant agree that utility bills and service contracts ("Service Obligations") for the Premises shall be paid by the party indicated below as to each Service Obligation. In each instance, the party undertaking responsibility for payment of a Service Obligation covenants that they will pay the applicable bills prior to delinquency. The responsibility to pay for a Service Obligation shall include all metering, hook-up fees or other miscellaneous charges associated with establishing, installing and maintaining such utility or contract in said party's name. Within thirty (30) days of the Lease Commencement Date, Tenant shall provide Landlord with a copy of any requested Tenant Service Obligation information.

Service Obligation	Landlord	Tenant	Not Applicable
Sewer/Septic	x	o	o
Water	x	o	o
Electric	o	x	o
Gas	o	o	x
Telephone	o	x	o
HVAC (maintenance/service contract)	x	o	o
Elevator (including phone line)	o	o	x
Security System	o	o	x
Fiber Optic	o	o	x
Janitor/Cleaning	o	o	x
Trash/Dumpster	x	o	o
Landscaping/Maintenance	x	o	o
Sprinkler System (including phone line)	o	o	x
Pest Control	o	o	x
Install of a 220V	o	x	o
n/a	o	o	o
n/a	o	o	o
n/a	o	o	o

Landlord shall not be liable for injury to Tenant's business or loss of income therefrom or for damage that may be sustained by the person, merchandise or personal property of Tenant, its employees, agents, invitees or contractors or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water or rain, which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of any utility installations, air conditioning system or other components of the Premises or the Property, except to the extent that such damage or loss is caused by Landlord's gross negligence or willful misconduct. Landlord makes no representations or warranties with respect to the heating, ventilation and air conditioning system(s) or utility installation: existing as of the date hereof or in the future. Subject to the provisions of this paragraph 6, Landlord shall not be liable in damages or otherwise for any discontinuance, failure or interruption of service to the Premises of utilities or the heating, ventilation and air conditioning system(s) and Tenant shall have no right to terminate this Lease or withhold rental because of the same.

RULES AND REGULATIONS

7. The rules and regulations, if any, attached hereto ("Rules and Regulations") are made a part of this Lease. Tenant agrees to comply with any Rules and Regulations of Landlord in connection with the Premises which are in effect at the time of the execution of the Lease or which may be from time to time promulgated by Landlord in its reasonable discretion, provided such Rules and Regulations are in writing and are not in conflict with the terms and conditions of the Lease. Landlord shall use commercially reasonable efforts to enforce such Rules and Regulations at the Property, provided, however, in no event shall Landlord be obligated to make any material expenditures in connectio with the enforcement of such Rules and Regulations. Landlord shall not be liable for any damages arising from any use, act or failure to act of any other tenant or occupant (including such tenant's or occupant's invitees, agents or employees), if any, of the Property.

PERMITTED USES

8. The permitted use of the Premises shall be: Professional Office use Only ("Permitted Use"). The Premises shall be used and wholly occupied by Tenant solely for the purposes of conducting the Permitted Use, and the Premises shall not be used for any other purposes unless Tenant obtains Landlord's prior written approval of any change in use. Landlord makes no representation or warranty regarding the suitability of the Premises for or the legality (under zoning or other applicable ordinances of the Permitted Use for the Premises, provided however, that Landlord does represent that it has no contractual obligations with other parties which will materially interfere with or prohibit the Permitted Use of Tenant at the Premises. At Tenant's sole expense, Tenant shall procure, maintain and make available for Landlord's inspection from time to time any governmental license(s) or permit(s) required for the proper and lawful conduct of Tenant's business in the Premises. Tenant shall not cause or permit any waste to occur in the Premises and shall not overload the floor, or any mechanical, electrical, plumbing or utility systems serving the Premises. Tenant shall keep the Premises, and every part thereof, in a clean and wholesome condition, free from any objectionable noises, loud music, objectionable odors or nuisances.

TAXES, INSURANCE AND COMMON AREA AND PROPERTY OPERATING EXPENSES

9. Landlord shall pay all taxes (including but not limited to, ad valorem taxes, special assessments and any other governmental charges) on the Property, shall procure and pay for such commercial general liability, broad form fire and extended and special perils insurance with respect to the Property as Landlord in its reasonable discretion may deem appropriate and shall maintain and operate the Common Areas and the Property. Tenant shall reimburse Landlord for its proportionate share of all taxes, insurance and Common Areas and Property operating expenses as provided herein within fifteen (15) days after receipt of notice from Landlord as to the amount due. Tenant shall be solely responsible for insuring Tenant's personal and business property and for paying any taxes or governmental assessments levied thereon. Tenant shall reimburse Landlord for its proportionate share of taxes, insurance and Common Areas and Property operating expense: during the term of this Lease, and any extension or renewal thereof; as follows:

Taxes

o Its proportionate share of the amount by which all taxes (including but not limited to, ad valorem taxes, special assessments and any other governmental charges) on the Property for each tax year exceed all taxes on the Property for the tax year n/a ; or

q Its proportionate share of all taxes (including but not limited to, ad valorem taxes, special assessments and any other governmental charges) on the Property for each tax year.

If the final Lease Year of the term fails to coincide with the tax year, then any excess for the tax year during which the term ends shall be reduced by the pro rata part of such tax year beyond the Lease term. If such taxes for the year in which the Lease terminates are not ascertainable before payment of the last month's rental, then the amount of such taxes assessed against the Property for the previous tax year shall be used as a basis for determining the pro rata share, if any, to be paid by Tenant for that portion of the last Lease Year.

r If this box is checked, Tenant shall reimburse Landlord for its proportionate share of taxes by paying to Landlord, beginning on the Rent Commencement Date and on the first day of each calendar month during the term hereof, an amount equal to one-twelfth (1/12) of its proportionate share of the then current tax payments for the Property. Upon receipt of bills, statements or other evidence of taxes due, Landlord shall pay or cause to be paid the taxes. If at any time the reimbursement payments by Tenant hereunder do not equal its proportionate share of the amount of taxes paid by Landlord, Tenant shall upon demand pay to Landlord an amount equal to the deficiency or Landlord shall ref6nd to Tenant any overpayment (as applicable) as documented by Landlord. Landlord shall have no obligation to segregate or otherwise account for the tax reimbursements paid hereunder except as provided in this paragraph 9.

Insurance

o Its proportionate share of the excess cost of commercial general liability, broad form fire and extended and special perils insurance with respect to the Property over the cost of the first year of the Lease term for each subsequent year during the term of this Lease; or

o Its proportionate share of the cost of all commercial general liability, broad form fire and extended and special perils insurance with respect to the Property.

Provided, however, that in the event Tenant's use of the Premises results in an increase in the rate of insurance on the Property, Tenant also shall pay to Landlord, upon demand and as additional rental, the amount of any such increase.

o If this box is checked, Tenant shall reimburse Landlord for its proportionate share of insurance by paying to Landlord, beginning on the Rent Commencement Date and on the first day of each calendar month during the term hereof, an amount equal to one-twelfth (1/12) of its proportionate share of the then current insurance premiums for the Property. Upon receipt of bills, statements or other evidence of insurance premiums due, Landlord shall pay or cause to be paid the insurance premiums. If at any time the reimbursement payments by Tenant hereunder do not equal its proportionate share of the amount of insurance premiums paid by Landlord, Tenant shall upon demand pay to Landlord an amount equal to the deficiency or Landlord shall refund to Tenant any overpayment (as applicable) as documented by Landlord. Landlord shall have no obligation to segregate or otherwise account for the insurance premium reimbursements paid hereunder except as provided in this paragraph 9.

Common Areas and Property Operating Expenses

o Its proportionate share of all Common Areas and Property operating expenses.

For the purpose of this Lease, Common Areas and Property operating expenses shall include: (a) the cost of water and sewer services for any exterior landscaping irrigation systems; (b) the cost of utilities to service the Property (not separately metered to tenants and regardless of their allocation to Landlord under paragraph 6 hereof) including but not limited to, electric service for any parking lot lighting, marquee signs, ground signs, pylon signs, time clocks, irrigation systems, common electric outlets used in connection with maintenance of the Proper and such other electric costs, including the replacement of light bulbs in Common Areas light fixtures as necessary to properly maintain and operate the Common Areas; (c) the cost of the removal of any trash, including the rental cost of dumpster units and fees for refuse removal; (d) the cost of exterior window washing of vacant spaces, cleaning of any building exterior, awnings, sidewalks, driveways and parking areas; (e) the cost of any grounds maintenance, including but not limited to charges for maintaining plant materials, fertilizer, pestic grass mowing, pruning of plants, planting of annual flowers, removal of debris and trash from Common Areas, cleaning supplies, and such other expenses necessary to maintain the Property; (f) the cost of service contracts with independent contractors to maintain on a regular basis the plumbing systems outside the rentable areas of each tenant, and to provide for pest control and exterminating services for the Common Areas; (g) the cost of maintaining the parking areas and driveways, including the re-striping of parking spaces, patching of deteriorated pavement, replacement of parking signs or directional signs; (h) the cost of Landlord's personnel when such personnel are engaged directly in the maintenance of the Common Areas of the Property, including the cost of employer taxes and a proration of employee benefits; (i) the cost of snow and ice removal from parking areas, driveways, walkways and service areas; (j) the cost of telephone, telegraph stationery, advertising, and mail or shipping costs related directly to the maintenance or operation of the Property, (k) the cost of all capital and structural repair maintenance for the Property and systems related thereto; and (I) such other costs and expenses as are typically incurred in the maintenance and operation of a property of this type, inclusive of a management fee paid by Landlord to a property manager or property management company or organization for the management of the Property and any owner association dues or assessments. Within one hundred eighty (180) days following the end of each calendar year, Landlord shall cause a statement to be prepared of the actual cost of Common Areas and Property operating expenses for such calendar year and shall provide Tenant a copy of same. Tenant's proportionate share of Common Areas and Property operating expenses is presently estimated to be the sum of $n/a annually or $ 11/a per month.

o If this box is checked, Tenant shall reimburse Landlord for its proportionate share of Common Areas and Property operating expenses by paying to Landlord, beginning on the Rent Commencement Date and on the first day of each calendar month during the term hereof, the amount set forth above as the presently estimated per month proportionate share of Common Areas and Property operating expenses for the Premises. Landlord shall pay or cause to be paid the Common Areas and

Property operating expenses. Within one hundred eighty (180) days following the end of each calendar year, Landlord shall: (i) cause a statement to be prepared of the actual cost of Common Areas and Property operating expenses for such calendar year and shall notiy Tenant of any overpayment or underpayment of Tenant's proportionate share of these items during such prior calendar year; and, (ii) establish an estimate of the cost of Common Areas and Property operating expenses for the then current calendar year. To the extent Tenant has overpaid Tenant's proportionate share of these items for the preceding calendar year, such overage shall be credited to Tenant's proportionate share of these items for the current calendar year. To the extent Tenant has underpaid Tenant's proportionate share of these items for the preceding calendar year, Tenant shall, on the first day of the calendar month following receipt of the statement from Landlord setting forth the amount of such underpayment, pay to Landlord the full amount of such underpayment for the preceding calendar year. In addition, beginning on the first day of the calendar month following the date upon which Landlord shall have delivered to Tenant the statement for the estimated Common Areas and Property operating expenses for the then current calendar year, Tenant shall pay to Landlord the product of one-twelfth (1112) of Tenant's proportionate share of the estimated Common Areas and Property operating expenses for the then current calendar year multiplied by the number of calendar months in the calendar year which shall have begun as of said first day, minus the aggregate amount of the monthly payments for Tenant's proportionate share of expenses theretofore paid by Tenant during such calendar year. The remainder of Tenant's proportionate share of such expenses for the then current calendar year shall be paid by Tenant to Landlord on the first day of each succeeding month in equal consecutive monthly installments of one-twelfth (1/12) of the total amount of Tenant's proportionate share of Common Areas and Property operating expenses as shown on the estimate thereof provided by Landlord. Landlord shall have no obligation to segregate or otherwise account for the insurance premium reimbursements paid hereunder except as provided in this paragraph 9.

For purposes of this paragraph 9, "Tenant's proportionate share" shall mean **(check one):**

q n/a % of the expenses above designated; or

q $ n/a payable monthly, in satisfaction of all reimbursements under this paragraph 9; or

o None- Tenant shall have no responsibility to reimburse Landlord for taxes, insurance or Common Areas and Property

operating expenses.

INSURANCE; WAIVER; INDEMNITY

10. (a) During the term of this Lease, Tenant shall maintain commercial general liability insurance coverage (occurrence coverage) with broad form contractual liability coverage and with coverage limits of not less than1,000,000.00 combined single limit, per occurrence, specifically including liquor liability insurance covering consumption of alcoholic beverages by customers of Tenant should Tenant choose to sell alcoholic beverages. Such policy shall insure Tenant's performance of the indemnity provisions of this Lease, but the amount of such insurance shall not limit Tenant's liability nor relieve Tenant of any obligation hereunder. All policies of insurance provided for herein shall name as "additional insureds" Landlord, Landlord's Agent, all mortgagees of Landlord and such other individuals or entities as Landlord may from time to time designate upon written notice to Tenant. Tenant shall provide to Landlord, at least thirty (30) days prior to expiration, certificates of insurance to evidence any renewal or additional insurance procured by Tenant. Tenant shall provide evidence of all insurance required under this Lease to Landlord prior to the Lease Commencement Date.

(b) Landlord (for itself and its insurer) waives any rights, including rights of subrogation, and Tenant (for itself and its insurer waives any rights, including rights of subrogation, each may have against the other for compensation of any loss or damage occasioned to Landlord or Tenant arising from any risk generally covered by the "all risks" insurance required to be carried by Landlord and Tenant. The foregoing waivers of subrogation shall be operative only so long as available in the State of North Carolina. The foregoing waivers shall be effective whether or not the parties maintain the insurance required to be carried pursuant to this Lease.

(c) Except as otherwise provided in paragraph 10(b), Tenant indemnifies Landlord for damages proximately caused by the negligence or wrongful conduct of Tenant and Tenant's employees, agents, invitees or contractors. Except as otherwise provided in paragrap 10(b), Landlord indemnifies Tenant for damages proximately caused by the negligence or wrongful conduct of Landlord and Landlord's employees, agents, invitees or contractors. The indemnity provisions in this paragraph 10 cover personal injury and property damage and shall bind the employees, agents, invitees or contractors of Landlord and Tenant (as the case may be). The indemnity obligations in this paragraph 10 shall survive the expiration or earlier termination of this Lease.

REPAIRS BY LANDLORD

11. Landlord agrees to keep in good repair the roof, foundation, structural supports, exterior walls (exclusive of all glass and exclusive of all exterior doors) and the Common Areas of the Property, except repairs rendered necessary by the negligence or intentional wrongful acts of Tenant, its employees, agents, invitees or contractors. Tenant shall promptly report in writing to Landlord any defective condition known to it which Landlord is required to repair and failure to report such conditions shall make Tenant responsible to Landlord for any liability incurred by Landlord by reason of such conditions.

REPAIRS BY TENANT

12. (a) Tenant accepts the Premises in their present condition and as suited for the Permitted Use and Tenant's intended purposes.
Tenant, throughout the initial term of this Lease, and any extension or renewal thereof, at its expense, shall maintain in good order and repair the Premises, except those repairs expressly required to be made by Landlord hereunder. Tenant shall use only licensed contractors for repairs where such license is required. Landlord shall have the right to approve the contractor as to any repairs in excess of $ 100.00

(b) Tenant agrees to return the Premises to Landlord at the expiration or prior termination of this Lease, in as good condition and repair as on the Lease Commencement Date, natural wear and tear, damage by storm, fire, lightning, earthquake or other casualty alone excepted. Tenant, Tenant's employees, agents, invitees or contractors shall take no action which may void any manufacturers or installers warranty with relation to the Premises or the Property. Tenant shall indemnify and hold Landlord harmless from any liability, claim, demanc or cause of action arising on account of Tenant's breach of the provisions of this paragraph 12.

If this box is checked, there is heating, ventilation and air conditioning equipment exclusively serving the Premises. Tenant, at its expense, shall maintain in good order and repair, including but not limited to replacement of parts, compressors, air handling units and heating units; provided that, as to repair or replacement expenses for heating, ventilation and air conditioning equipment in excess as Iva (per occurrence) or $ (annually), Landlord shall reimburse Tenant for the amount in

excess of the stated amount, provided that Tenant has obtained Landlord's prior written approval of the contractor and the repair or replacement.

ALTERATIONS

13. Tenant shall not make any alterations, additions, or improvements to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall promptly remove any alterations, additions, or improvemer constructed in violation of this paragraph 13 upon Landlord's written request. All approved alterations, additions, and improvements will be accomplished in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord, free of any liens or encumbrances. Landlord may require Tenant to remove any alterations, additions or improvements (whethe or not made with Landlord's consent) at the termination of the Lease and to restore the Premises to its prior condition, all at Tenant's expent All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the termination of this Lease, except that Tenant may remove any of Tenant's machinery, equipment or trade fixtures which can be removed without material damage to the Premises or the Property. Tenant shall repair, at Tenant's expense, any damage to the Premises or the Property caused by the removal of any such machinery, equipment or trade fixtures.

DESTRUCTION OF OR DAMAGE TO PREMISES

14. (a) If the Premises are totally destroyed by storm, fire, lightning, earthquake or other casualty, Landlord shall have the right tc terminate this Lease on written notice to Tenant within thirty (30) days after such destruction and this Lease shall terminate as of the date of such destruction and rental shall be accounted for as between Landlord and Tenant as of that date.

(b) If the Premises are damaged but not wholly destroyed by any such casualties or if the Landlord does not elect to terminate the Lease under paragraph 14(a) above, Landlord shall commence (or shall cause to be commenced) reconstruction of the Premises within one hundred twenty (120) days after such occurrence and prosecute the same diligently to completion, not to exceed two hundred seventy (270) days from the date upon which Landlord receives applicable permits and insurance proceeds. In the event Landlord shall fail to substantially complete reconstruction of the Premises within said two hundred seventy (270) day period, Tenant's sole remedy shall be to terminate this Lease.

(c) In the event of any casualty at the Premises during the last one (1) year of the Lease Term, Landlord and Tenant each shall have the option to terminate this Lease on written notice to the other of exercise thereof within sixty (60) days after such occurrence.

(d) In the event of reconstruction of the Premises, Tenant shall continue the operation of its business in the Premises during any such period to the extent reasonably practicable from the standpoint of prudent business management, and the obligation of Tenant to pay annual rental and any other sums due under this Lease shall remain in full force and effect during the period of reconstruction. The annual rental and other sums due under this Lease shall be abated proportionately with the degree to which Tenant's use of the Premises is impaired, commencing from the date of destruction and continuing during the period of such reconstruction. Tenant shall not be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises, Tenant's personal property, or any inconvenience or annoyance occasioned by such damage, reconstruction or replacement.

(c) In the event of the termination of this Lease under any of the provisions of this paragraph 14, both Landlord and Tenant shall be released from any liability or obligation under this Lease arising after the date of termination, except as otherwise provided for in this Lease.

GOVERNMENTAL ORDERS

15. Tenant, at its own expense, agrees to comply with: (a) any law, statute, ordinance, regulation, rule, requirement, order, court decision or procedural requirement of any governmental or quasi-governmental authority having jurisdiction over the Premises; (b) the rules and

regulations of any applicable governmental insurance authority or any similar body, relative to the Premises and Tenant's activities therein; (c) provisions of or rules enacted pursuant to any private use restrictions, as the same may be amended from time to time and (d) the Americ with Disabilities Act (42 U.S.C. S. § 12101, et seq.) and the regulations and accessibility guidelines enacted pursuant thereto, as the same may be amended from time to time. Landlord and Tenant agree, however, that if in order to comply with such requirements the cost to Tens shall exceed a sum equal to one (1) year's rent, then Tenant may terminate this Lease by giving written notice of termination to Landlord in accordance with the terms of this Lease, which termination shall become effective sixty (60) days after receipt of such notice and which notice shall eliminate the necessity of compliance with such requirements, unless, within thirty (30) days of receiving such notice, Landlord agrees in writing to be responsible for such compliance, at its own expense, and commences compliance activity, in which case Tenant's notice given hereunder shall not terminate this Lease.

CONDEMNATION

16. (a) If the entire Premises shall be appropriated or taken under the power of eminent domain by any governmental or quasi-governmental authority or under threat of and in lieu of condemnation (hereinafter, "taken" or "taking"), this Lease shall terminate as of the date of such taking, and Landlord and Tenant shall have no further liability or obligation arising under this Lease after such date, except as otherwise provided for in this Lease.

(b) If more than twenty-five percent (25%) of the floor area of the Premises is taken, or if by reason of any taking of the Property or the Premises, regardless of the amount so taken, the remainder of the Premises is not one undivided space or is rendered unusab for the Permitted Use, either Landlord or Tenant shall have the right to terminate this Lease as of the date the portion of the Premises of taking of the portion of the Premises or Property so taken, upon giving notice of such election within thirty (30) days after receipt by Tenant from Landlord of written notice that said portion of the Premises or the Property have been or will be so taken. In the event of such termina both Landlord and Tenant shall be released from any liability or obligation under this Lease arising after the date of termination, except as otherwise provided for in this Lease.

(c) Landlord and Tenant, immediately after learning of any taking, shall give notice thereof to each other.

(d) If this Lease is not terminated on account of a taking as provided herein above, then Tenant shall continue to occupy that portion of the Premises not taken and the parties shall proceed as follows: (i) at Landlord's cost and expense and as soon as reasonably possible, Landlord shall restore (or shall cause to be restored) the Premises and/or Property remaining to a complete unit of like quality and character as existed prior to such appropriation or taking, and (ii) the annual rent provided for in paragraph 3 and other sums due under the Lease shall be reduced on an equitable basis, taking into account the relative values of the portion taken as compared to the portion remaining. Tenant waives any statutory rights of termination that may arise because of any partial taking of the Premises and/or the Property.

(e) Landlord shall be entitled to the entire condemnation award for any taking of the Premises and/or the Property or any part thereof. Tenant's right to receive any amounts separately awarded to Tenant directly from the condemning authority for the taking of its merchandise, personal property, relocation expenses and/or interests in other than the real property taken shall not be affected in any manner by the provisions of this paragraph 16, provided Tenant's award does not reduce or affect Landlord's award and provided further, Tenant shall have no claim for the loss of its leasehold estate.

ASSIGNMENT AND SUBLETTING

17. Tenant shall not assign this Lease or any interest hereunder or sublet the Premises or any part thereof; or permit the use of the Premises by any party other than the Tenant, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Consent to any assignment or sublease shall not impair this provision and all later assignments or subleases shall be made likewii only on the prior written consent of Landlord. No sublease or assignment by Tenant shall relieve Tenant of any liability hereunder.

EVENTS OF DEFAULT

18. The happening of any one or more of the following events (hereinafter any one of which may be referred to as an "Event of Default") during the term of this Lease, or any renewal or extension thereof; shall constitute a breach of this Lease on the part of the Tenant: (a) Tenar fails to pay when due the rental as provided for herein; (b) Tenant abandons or vacates the Premises; (c) Tenant fails to comply with or abide by and perform any non-monetary obligation imposed upon Tenant under this Lease within thirty (30) days after written notice of such breach; (d) Tenant is adjudicated bankrupt; (e) A permanent receiver is appointed for Tenant's property and such receiver is not remov within sixty (60) days after written notice from Landlord to Tenant to obtain such removal; (1) Tenant, either voluntarily or involuntarily, takes advantage of any debt or relief proceedings under any present or future law, whereby the rent or any part thereof is, or is proposed to be, reduced or payment thereof deferred and such proceeding is not dismissed within sixty (60) days of the filing thereof; (g) Tenant makes an assignment for benefit of creditors; or (h) Tenant's effects are levied upon or attached under process against Tenant, which is not satisfied or dissolved within thirty (30) days after written notice from Landlord to Tenant to obtain satisfaction thereof.

REMEDIES UPON DEFAULT

19. Upon the occurrence of Event of Default, Landlord may pursue any one or more of the following remedies separately or concurrently, without prejudice to any other remedy herein provided or provided by law: (a) Landlord may terminate this Lease by giving written notice

to Tenant and upon such termination shall be entitled to recover from Tenant damages as may be permitted under applicable law; or (b) Landlord may terminate this Lease by giving written notice to Tenant and, upon such termination, shall be entitled to recover from the Tena damages in an amount equal to all rental which is due and all rental which would otherwise have become due throughout the remaining term of this Lease, or any renewal or extension thereof (as if this Lease had not been terminated); or (c) Landlord, as Tenant's agent, withou terminating this Lease, may enter upon and rent the Premises, in whole or in part, at the best price obtainable by reasonable effort, without advertisement and by private negotiations and for any term Landlord deems proper, with Tenant being liable to Landlord for the deficiency, if any, between Tenant's rent hereunder and the price obtained by Landlord on reletting, provided however, that Landlord shall not be considered to be under any duty by reason of this provision to take any action to mitigate damages by reason of Tenant's default and expressly shall have no duty to mitigate Tenant's damages. No termination of this Lease prior to the normal ending thereof, by lapse of time or otherwise, shall affect Landlord's right to collect rent for the period prior to termination thereof.

EXTERIOR SIGNS

20. Tenant shall place no signs upon the outside walls, doors or roof of the Premises or anywhere on the Property, except with the express written consent of the Landlord in Landlord's sole discretion. Any consent given by Landlord shall expressly not be a representation of or warranty of any legal entitlement to signage at the Premises or on the Property. Any and all signs placed on the Premises or the Property by Tenant shall be maintained in compliance with governmental rules and regulations governing such signs and Tenant shall be responsible to Landlord for any damage caused by installation, use or maintenance of said signs, and all damage incident to removal thereof.

LANDLORD'S ENTRY OF PREMISES

21. Landlord may advertise the Premises "For Rent" or "For Sale"60 days before the termination of this Lease. Landlord may enter the Premises upon prior notice at reasonable hours to exhibit same to prospective purchasers or tenants, to make repairs required of Landlord under the terms hereof, for reasonable business purposes and otherwise as may be agreed by Landlord and Tenant. Landlord may enter the Premises at any time without prior notice, in the event of an emergency or to make emergency repairs to the Premises. Upon request of Landlord, Tenant shall provide Landlord with a functioning key to the Premises and shall replace such key if the locks to the Premises are changed.

QUIET ENJOYMENT

22. So long as Tenant observes and performs the covenants and agreements contained herein, it shall at all times during the Lease term peacefully and quietly have and enjoy possession of the Premises, subject to the terms hereof.

HOLDING OVER

23. If Tenant remains in possession of the Premises after expiration of the term hereof, Tenant shall be a tenant at sufferance and there shall be no renewal of this Lease by operation of law. In such event, commencing on the date following the date of expiration of the term, the monthly rental payable under Paragraph 3 above shall for each month, or fraction thereof during which Tenant so remains in possession of the Premises, be twice the monthly rental otherwise payable under Paragraph 3 above.

ENVIRONMENTAL LAWS

24. (a) Tenant covenants that with respect to any Hazardous Materials (as defined below) it will comply with any and all federal, state or local laws, ordinances, rules, decrees, orders, regulations or court decisions relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises or the Property or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, any other legal requirement concerning hazardous or toxic substances, and any amendments to the foregoing (collectively, all such matters being "Hazardous Materials Requirements"). Tenant shall remove all Hazardous Materials from the Premises, either after their use by Tenant or upon the expiration or earlier termination of this Lease, in compliance with all Hazardous Materials Requirements.

(b) Tenant shall be responsible for obtaining all necessary permits in connection with its use, storage and disposal of Hazardou Materials, and shall develop and maintain, and where necessary file with the appropriate authorities, all reports, receipts, manifest, filings, lists and invoices covering those Hazardous Materials and Tenant shall provide Landlord with copies of all such items upon request. Tenant shall provide within five (5) days after receipt thereof, copies of all notices, orders, claims or other correspondence from any federal, state or local government or agency alleging any violation of any Hazardous Materials Requirements by Tenant, or related in any manner to Hazardous Materials. In addition, Tenant shall provide Landlord with copies of all responses to such correspondence at the time of the response.

(c) Tenant hereby indemnifies and holds harmless Landlord, its successors and assigns from and against any and all losses, liabilities, damages, injuries, penalties, fines, costs, expenses and claims of any and every kind whatsoever (including attorney's fees and costs) paid, incurred or suffered by, or asserted against Landlord as a result of any claim, demand or judicial or administrative action by any person or entity (including governmental or private entities) for, with respect to, or as a direct or indirect result of, the presence on or under or the escape, seepage, leakage, spillage, discharge, emission or release from the Premises or the Property of any Hazardous Materials caused by Tenant or Tenant's employees, agents, invitees or contractors. This indemnity shall also apply to any release of Hazardous Materials caused by a fire or other casualty to the Premises if such Hazardous Materials were stored on the Premises or the

Property by Tenant, its agents, employees, invitees or successors in interest.

(d) For purposes of this Lease, "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (i) is defined as a hazardous substance, hazardous material or waste, or toxic substance pursuant to any Hazardous Materials Requireme (ii) is regulated, controlled or governed by any Hazardous Materials Requirements, (iii) is petroleum or a petroleum product, or (iv) is asbe formaldehyde, a radioactive material, drug, bacteria, virus, or other injurious or potentially injurious material (by itself or in combination with other materials).

(e) The warranties and indemnities contained in this paragraph 24 shall survive the termination of this Lease.

SUBORDINATION; ATTORNMENT; ESTOPPEL

25. (a) This Lease and all of Tenant's rights hereunder are and shall be subject and subordinate to all currently existing and future mortgages affecting the Premises. Within ten (10) days after the receipt of a written request from Landlord or any Landlord mortgagee, Tenant shall confirm such subordination by executing and delivering Landlord and Landlord's mortgagee a recordable subordination agreement and such other documents as may be reasonably requested, in form and content satisfactory to Landlord and Landlord's mortgagee. Provided, however, as a condition to Tenant's obligation to execute and deliver any such subordination agreement, the applicable mortgagee must agree that mortgagee shall not unilaterally, materially alter this Lease and this Lease shall not be divested by foreclosure or other default proceedings thereunder so long as Tenant shall not be in default under the terms of this Lease beyond any applicable cure period set forth herein. Tenant acknowledges that any Landlord mortgagee has the right to subordinate at any time its interest in this Lease and the leasehold estate to that of Tenant, without Tenant's consent.

(b) If Landlord sells, transfers, or conveys its interest in the Premises or this Lease, or if the same is foreclosed judicially or nonjudicially, or otherwise acquired, by a Landlord mortgagee, upon the request of Landlord or Landlord's successor, Tenant shall attorn to said successor, provided said successor accepts the Premises subject to this Lease. Tenant shall, upon the request of Landlord or Landlord' successor, execute an attornment agreement confirming the same, in form and substance acceptable to Landlord or Landlord's successor and Landlord shall thereupon be released and discharged from all its covenants and obligations under this Lease, except those obligations that have accrued prior to such sale, transfer or conveyance; and Tenant agrees to look solely to the successor in interest of Landlord for the performance of those covenants accruing after such sale, transfer or conveyance. Such agreement shall provide, among other things, that said successor shall not be bound by (a) any prepayment of more than one (1) month's rental (except the Security Deposit) or (b) any material amendment of this Lease made after the later of the Lease Commencement Date or the date that such successor's lien or interest first arose, unless said successor shall have consented to such amendment.

(c) Within ten (10) days after request from Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate (to be prepared by Landlord and delivered to Tenant) with appropriate facts then in existence concerning the status of this Lease and Tenant' occupancy, and with any exceptions thereto noted in writing by Tenant. Tenant's failure to execute and deliver the Estoppel Certificate within said ten (10) day period shall be deemed to make conclusive and binding upon Tenant in favor of Landlord and any potential mortga or transferee the statements contained in such estoppel certificate without exception.

ABANDONMENT

26. Tenant shall not abandon the Premises at any time during the Lease term. If Tenant shall abandon the Premises or be dispossessed by process of law, any personal property belonging to Tenant and left on the Premises, at the option of Landlord, shall be deemed abandonei and available to Landlord to use or sell to offset any rent due or any expenses incurred by removing same and restoring the Premises.

NOTICES

27. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by U.S. certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered or sent to the address shown at the beginning of this Lease, except that upon Tenant taking possession of the Premises, then the Premises shall be Tenant's address for such purposes. Notices to Landloi shall be delivered or sent to the address shown at the beginning of this Lease and notices to Agent, if any, shall be delivered or sent to the address set forth in Paragraph 3 hereof. All notices shall be effective upon delivery. Any party may change its notice address upon written notice to the other parties, given as provided herein.

GENERAL TERMS

28. (a) "Landlord" as used in this Lease shall include the undersigned, its heirs, representatives, assigns and successors in title to the Premises. "Agent" as used in this Lease shall mean the party designated as same in Paragraph 3, its heirs, representatives, assigns and successors. "Tenant" shall include the undersigned and its heirs, representatives, assigns and successors, and if this Lease shall be validly assigned or sublet, shall include also Tenant's assignees or sublessees as to the Premises covered by such assignment or sublease. "Landlord", "Tenant", and "Agent" include male and female, singular and plural, corporation, partnership or individual, as may fit the particular parties.

(b) No failure of Landlord to exercise any power given Landlord hereunder or to insist upon strict compliance by Tenant of its obligations hereunder and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's

right to demand exact compliance with the terms hereof. All rights, powers and privileges conferred hereunder upon parties hereto shall be cumulative and not restrictive of those given by law.

(c) Time is of the essence in this Lease.

(d) This Lease constitutes the sole and entire agreement among the parties hereto and no modification of this Lease shall be binding unless in writing and signed by all parties hereto.

(e) Each signatory to this Lease represents and warrants that he or she has full authority to sign this Lease and such instruments as may be necessary to effectuate any transaction contemplated by this Lease on behalf of the party for whom he or she signs and that his or her signature binds such party.

(f) Upon request by either Landlord or Tenant, the parties hereto shall execute a short form lease (memorandum of lease) in recordable form, setting forth such provisions hereof (other than the amount of annual rental and other sums due) as either party may wish to incorporate. The cost of recording such memorandum of lease shall be borne by the party requesting execution of same.

SPECIAL STIPULATIONS
o If this box is checked, additional terms of this Lease are set forth on **Exhibit** C attached hereto and incorporated herein by reference. **(Note: Under North Carolina law, real** estate agents **are not permitted to draft lease provisions.)**

THIS DOCUMENT IS A LEGAL DOCUMENT. EXECUTION OF THIS DOCUMENT HAS LEGAL CONSEQUENCES THAT COULD BE ENFORCEABLE IN A COURT OF LAW. THE NORTH CAROLINA ASSOCIATION OF REALTORS® MAKES NO REPRESENTATIONS CONCERNING THE LEGAL SUFFICIENCY, LEGAL EFFECT OR TAX CONSEQUENCES OF THIS DOCUMENT OR THE TRANSACTION TO WHICH IT RELATES AND RECOMMENDS THAT YOU CONSULT YOUR ATTORNEY.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Lease to be duly executed. LANDLORD:
Individual

Whitewoods, LLC
Landlord /s/ Greg Baltmiskis, manager (Seal)
By : Greg Baltmiskis
Date May 30, 2007
Business Entity
n/a
_____
(Name of Firm)

By:_____(Seal)
Title: n/a
Date: n/a

TENANT:

Anchor Funding Services, LLC (SEAL)
By: Brad Bernstein, President
Date: 5/21/2007