

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: PREFERRED PROPERTIES, INCORPORATED )  
REIT, ITS OFFICERS, ) File No. 0500070  
DIRECTORS, EMPLOYEE, AFFILIATES, )  
SUCCESSORS, AGENTS AND ASSIGNS, )  
JIMMY D. LANE )  
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TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENT: Preferred Properties, Incorporated REIT  
Jimmy D. Lane  
1144 E. Crueger Rd Washington, Illinois

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, having been fully advised in the premises by the staff of the Illinois Securities Department, Office of the Secretary of State, herein find:

1. Preferred Properties Incorporated REIT ("Preferred Properties") is an Illinois registered corporation with a last known business address of 1144 E. Crueger Rd Washington, Illinois;
2. At all times relevant, Jimmy D. Lane, is the registered agent and principal of Preferred Properties Incorporated REIT;
3. As of the date of this Temporary Order, Preferred Properties Incorporated REIT and Jimmy D. Lane through the internet webpage address of [www.preferredreit.com](http://www.preferredreit.com) are offering for sale to investors stocks and bonds in Preferred Properties offering a return on investment of 10% through 15%;
4. The Stocks, Bonds and any other security issued or issuable by Preferred Properties were not registered by Preferred Properties with the Illinois Secretary of State. Preferred Properties filed a Form 4G filings for report of securities sales pursuant to Section 4.G of the Illinois Securities Act, 815 ILCS 5/1 et seq.

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("the Act") which would allow sales of securities without registration so long as certain conditions are met;

5. The Form 4G was filed with the Secretary of State on June 15, 2005 and covered sales from January 1, 2005 through January, 2006;
6. In this filing, Jimmy D. Lane and Preferred Properties made the following representation: "the Securities have not been or will not be offered or sold by means of general advertising or general solicitation."
7. Rule 246 of the Rules and Regulations of the Illinois Securities Department, 14 Admin Code 130.100 et seq., defines "general advertising or general solicitation" as "1.)any advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio or any seminar or meeting... 2.)any indiscriminate contact by mail or telephone or similar communicative process, unless otherwise shown by the particular facts."
8. The Stocks and Bonds offered and sold by Preferred Properties are securities as that term is defined under Section 2.1 of the Act;
9. That Section 5 of the Act provides, inter alia, that all securities except those set forth under Section 2.A of the Act, or those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;
10. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
11. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provision of the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 of the Act;

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12. That Section 12.E of the Act provides, inter alia, that it shall be a violation of the Act for any person to make, or cause to be made, in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to the Act, any statement which was false or misleading with respect to any material fact;
13. That by virtue of the foregoing, Jimmy D. Lane and Preferred Properties, its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns have violated Sections 12.A, 12.D, and 12.E of the Act;
14. That Section 11.F.(2) of the Act provides, inter alia, that the Secretary of State may temporarily suspend or prohibit the offer or sale of securities by any person if the Secretary of State in his or her opinion, based upon credible evidence, deems it necessary to prevent an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of the Act;
15. That based upon the foregoing, the Secretary of State deems it necessary, in order to prevent imminent and additional violations of the Act, and to prevent losses to investors as a result of the referenced prior violation of the Act, to enter an order pursuant to the authority granted under Section 11.F of the Act which prohibits Jimmy D. Lane and Preferred Properties its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns from offering and/or selling securities in the State of Illinois; and
16. That based upon the credible evidence available to the Secretary of State, the entry of this Temporary Order is in the public interest and is consistent with the purposes of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Jimmy D. Lane and Preferred Properties, Incorporated REIT its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns are hereby PROHIBITED from offering and/or selling securities in or from the State of Illinois until further order of the Secretary of State.

NOTICE is hereby given that the Respondent may request a hearing on this matter by transmitting such request in writing to

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Securities Director, Illinois Securities Department, 300 W. Jefferson St., Suite 300A, Springfield, Illinois 62702. Such request must be made within thirty (30) days of the date of entry of this Temporary Order. Upon receipt of a request for hearing, a hearing will be scheduled. Request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for ninety days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER ENTRY OF THIS TEMPORARY ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND CONSTITUTES SUFFICIENT BASIS TO MAKE THE TEMPORARY ORDER FINAL.

ENTERED: This 9<sup>th</sup> day of August, 2005

Jesse White   
JESSE WHITE  
Secretary of State  
State of Illinois

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